



# House of Commons Debates

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VOLUME 133

NUMBER 057

1st SESSION

35th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, April 26, 1994**

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**Speaker: The Honourable Gilbert Parent**

# HOUSE OF COMMONS

Tuesday, April 26, 1994

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

**Hon. Fernand Robichaud (Secretary of State (Parliamentary Affairs)):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to certain petitions.

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### MILITARY TRAINING

**Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs):** Mr. Speaker, I rise in this House today to provide information to my hon. colleagues on a subject we all care about, and that is the opportunities the Department of National Defence will provide young Canadians to receive officer training in the Canadian forces, in a fully bilingual Canadian military college.

[*English*]

I promised the hon. member for Roberval some weeks ago, when there was topical questioning as a result of the budget and the closing of the Collège militaire in St. Jean, Quebec, that within a number of weeks I would make a progress report to the House to let members know what the Department of National Defence is doing to ensure the bilingual nature of the military college system once there is consolidation at Kingston.

Tomorrow I shall be appearing before the Senate finance committee. I understand the prime focus for the questioning on that date has to do with the collège militaire and its closing. I felt it was only courteous to members of the House that I make a statement in my own Chamber to let the House know how our thinking has evolved before I went to the Senate committee.

The amalgamation of our three military colleges into a single institution has been dictated by both budgetary constraints and the operational requirements of the Canadian forces. Since 1989

the strength of the officer corps of the regular force has been declining. As a result of the 1994 budget the number of officers will continue to decrease until 1998. Thus the number of cadets in military colleges will obviously be reduced from the current level of about 1,600 to about 900. A single college will therefore be sufficient to meet our needs.

Once we have one military college it will have to be fully bilingual for two reasons. First, our college must accommodate young Canadians from all regions of Canada, whatever their first official language. Not only must these young Canadians know they are welcome in their military college; they must feel at home there. Second, the principle of equality of the status of the official languages as well as the spirit of the Official Languages Act require us to ensure that the training of officers is carried out in both official languages.

Bilingual training is also important because our officer corps must be able to command personnel from both linguistic groups. It was therefore recently decided that beginning in academic year 1996-97 all graduates of the Canadian military college must be functionally bilingual. I shall return to this point in a few moments.

[*Translation*]

The establishment of a fully bilingual military college is typical of the challenges we face in Canada. Among our goals is to promote relationships based on respect for differences as well as harmony and co-operation in the name of a common cause: to serve and protect Canada. The Department of National Defence has taken on this challenge willingly. My department has developed both a transition plan for the period from 1994 to 1997 and a plan to make the Royal Military College in Kingston fully bilingual.

As part of the transition plan measures will be put in place to ensure the replacement of the programs currently offered by the three military colleges by the end of the 1996-97 academic year. We are also considering several options to replace, starting in 1995-96, the qualifying year offered by the Collège militaire royal de Saint-Jean, in Quebec.

(1010)

At the same time, the Department of National Defence is developing a plan to make the Royal Military College fully bilingual. Here is an outline of this plan. The Royal Military College is already partially bilingual, the science and engineering curriculum having been taught in both official languages for

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many years. Both French and English have also been used for a long time in daily activities, alternating from week to week.

The plan national defence officials are presently working on is geared toward making the Royal Military College fully bilingual and creating an environment where young francophones and anglophones will be motivated to study to become bilingual officers of the Canadian Armed Forces.

This plan will have an impact on the four pillars of the Canadian military college system, namely academic training, the military training plan, sports and physical fitness, as well as second language skills. It will apply to the directing staff and the officer cadets and affect administrative support and all aspects of the daily operations of the college.

[English]

As part of the rationalization of our military college system all academic programs that are retained will be offered to new entrants in both official languages. To meet this objective college commandants and principals are currently assessing francophone and anglophone staffing requirements, both military and civilian.

Because the level of bilingualism demanded of the Royal Military College graduates has been raised, increased emphasis will be placed on the day to day use of both French and English at the college. Cadets who need to upgrade their second language skills will take summer language training in an appropriate linguistic setting.

The bilingual nature of the college will be enhanced by the simple fact that the cadet population at RMC will soon be 30 per cent francophone and 70 per cent anglophone, as compared to the current breakdown of 17 per cent and 83 per cent respectively.

As for the military staff, the commandant is already working with personnel staff in Ottawa to ensure that the staff composition of the college reflects its requirements.

[Translation]

It must be pointed out that in July Brigadier General Charles Émond, who is the current commanding officer of the Collège militaire royal de Saint-Jean, will be taking on his new duties as commanding officer of our new centralized military college.

[English]

In other words the commandant at the Collège militaire de Saint-Jean, Québec, Brigadier General Charles Émond, will move to the Royal Military College in Kingston to ensure the smooth transition to one college system and that the bilingual presence will be maintained.

I draw this to the attention of members on the other side of the House, especially my friends in the Bloc Québécois because they were most concerned about the consolidation into one college at Kingston. I have great confidence that General Émond, the commandant now at CMR, will be able to realize our goals in making the Royal Military College in Kingston a truly proud bilingual institution all of us will admire.

[Translation]

Brigadier General Émond graduated from the Collège militaire royal and received a diploma from the RMC. We are counting on him to make our new college continue to reflect the National Defence vision of bilingualism among Canadian Forces officers.

I will now outline in greater detail the bilingual officer corps concept within the Canadian forces. This concept was adopted by the Armed Forces Council on June 28, 1988. It met the senior officers' need to lead their subordinates in both official languages.

This concept is now being studied by a special joint task force made up of representatives of National Defence and of the Commissioner of Official Languages. We intend to refine this concept and resolve the issues raised by the Commissioner during our consultations.

(1015)

Our goal is to establish the following policy: effective January 1, 1998, all officers promoted to the rank of Lieutenant-Colonel will normally have to be bilingual. I already mentioned this fact during oral question period in this House.

The steps taken to offer second-language training to francophone and anglophone officers are part of the Official Languages Program of the Department of National Defence. This program is based in part on the 1988 Official Languages Act and contains the following elements: language of work, equitable participation, communications with the public, service delivery and language training.

[English]

First, with regard to language of work, we have adopted a special model that takes into account our unique environment and the organizational arrangements needed to achieve bilingualism within the Department of National Defence and Canadian forces. The second element is equitable participation.

In 1992 a detailed review of the linguistic designation of every unit and every position revealed that much still has to be done to increase the number of bilingual anglophones in the military.

[Translation]

To examine the participation rate of francophones within the Canadian Forces, we undertook a comprehensive analysis of

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recruitment, enrolment, promotion and attrition rates of officers and non-commissioned members in the last 15 to 20 years.

This review of all ranks and military occupations ended in December 1992. It found that, by and large, the goal of equitable participation was reached except in three out of 135 military occupations.

The third element of the Official Languages Program deals with communications with and service to the public. Our personnel co-operate on a continuing basis with Treasury Board Secretariat officials to ensure that the Department of National Defence honours the spirit of official languages regulations.

[*English*]

At present, second language training is provided in house. In an effort to rationalize the program, senior staff of my department together with representatives of the Public Service Commission and Treasury Board are looking at the feasibility of transferring our second language training to the Public Service Commission.

As for the more general criticisms directed at us by the Commissioner of Official Languages, rest assured that my department will continue to improve its performance. Let me underscore three areas I have just covered, namely our blueprint for a fully bilingual military college, the concept of an effective bilingual officer corps and the study aimed at improving the efficiency of our second language training.

These three initiatives are striking examples of just how seriously the Department of National Defence considers the question of official languages. We will continue to work within the framework of the Official Languages Act and its associated policies. We will continue to work closely with the Commissioner of Official Languages.

[*Translation*]

I hope I have convinced my colleagues that we are striving to make the Canadian armed forces as a whole better reflect the Canadian reality. I also hope to have assured them that the doors of the new Canadian military college, one of the main paths to a career as an officer in the Canadian Forces, are wide open to all qualified candidates, be they anglophones or francophones.

[*English*]

As Minister of National Defence I am proud to be part of the creation of this bilingual military college. Indeed we can all take pride in this initiative, for our military college will be a unique institution, one that mirrors the linguistic duality of our country. It will welcome young Canadians, our leaders of tomorrow, regardless of their province or their territory of origin.

Before I sit down I would like to apologize to the critics opposite. I am not sure they received sufficient notice of my

statement. I think they got an hour or two, but they were most gracious in letting me go forward with the statement today.

I would like to mention for the member for Charlesbourg who arrived just as I was beginning that one of the reasons for making the statement today is that I felt it was only courteous to give these comments to the House of Commons. Tomorrow I will be appearing before the Senate committee on finance where I understand I will be questioned most rigorously on the closing of the military college and the future of our military colleges.

[*Translation*]

**Mr. Jean-Marc Jacob (Charlesbourg):** First of all, Madam Speaker, I was planning to point out to the minister the delay in informing us of the time he was to deliver his speech, but I accept his apologies.

(1020)

I am pleased to speak once again on this issue of burning importance to Quebec, that is the closure of the Collège militaire de Saint-Jean and the decision to use only one college, Kingston's Royal Military College, for the future training of officers. The closure of the Collège militaire de Saint-Jean has never been justified, either for cost cutting reasons, or because of the need to reduce the size of the military. Nor has the government demonstrated that the military college in Kingston is capable of taking up the slack.

I have no doubt that the minister is being sincere and is making efforts in this area, but despite the speech that he just delivered this morning, I think that we have to be realistic. The Official Languages Act was around long before this Liberal government took office. RMC, the Collège militaire de Saint-Jean and Royal Roads Military College should have been bilingual and operating in both languages for a number of years by now. Based on the information we have and according to the criticisms of official languages pointed out by the minister, we know for a fact that the results of the legislation leave much to be desired.

This morning, the minister of defence gave us an overview of a proposal to convert the Royal Military College in Kingston into a fully bilingual institution. As I have just indicated, we have some doubts as to whether this is at all possible, despite good intentions and the efforts that will be made. We are given the broad outline of the proposal, while at the same time, we are told that DND officials are in the process of drafting a plan. Are we to understand that the minister was merely throwing up a smokescreen this morning? There is absolutely nothing tangible in this plan.

The minister talks about the consequences of a plan which we have not seen and of which we know nothing. We know nothing about its aims, its concepts or its mechanisms. Francophones expect more than vague concepts. The only details which the

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minister released to us concerning his concept of a bilingual officer corps is the date on which this concept was agreed to. He informs us that this concept is presently being reviewed by a special joint task force. Another task force.

Plans call for refining this concept and resolving the issues raised by the Commissioner of Official Languages. The minister defers to the department's Official Languages Program. We all know the kind of results this program had at the military college in Kingston. Worse yet, all officers promoted to the rank of lieutenant colonel are not expected to be bilingual until 1998. The minister has already made this fact clear to the House in response to questions put to him. I wonder what a normally bilingual lieutenant colonel is. What does "normally bilingual" mean? How can we accept it? It is too little too late.

Furthermore, the minister tell us nothing about what he intends to do to promote French culture within the military college in Kingston. The environment counts for a great deal in training an officer cadet trying to master a second language. Learning a new language takes more than an academic program. It also takes the right environment and immersion. I am well placed to speak on it since I have trouble learning a new language. Even though we are in a situation of partial immersion here, I intend to take total immersion.

From the recommendations produced by the official languages committee in the department of defence and in the Canadian Armed Forces, it appears that the committee recommended immersion as an important factor in training officer cadets. It recommended that all officer cadets at the Royal Military College and the Royal Roads Military College spend at least a year at the Saint-Jean campus, while those at the military college in Saint-Jean should spend at least a year at one of the other two colleges; this would help everyone develop their language ability and provide exposure to the other culture.

This brief excerpt shows how training bilingual officer cadets is not something that can be achieved with a hastily conceived academic program such as the one the hon. minister has presented.

(1025)

It would certainly be more promising to emphasize immersion and exposure to another culture.

Some positions explain why my colleagues in the Bloc Québécois and I are opposed to closing the military college in Saint-Jean and have been opposed to it from the beginning.

We all know that more francophones than anglophones in the Canadian Armed Forces are bilingual and most bilingual anglophones in the forces went to the military college in Saint-Jean.

There is a big shortage of bilingual military people whose mother tongue is English, but a surplus of bilingual military people whose mother tongue is French.

An internal report of the Canadian Armed Forces on bilingualism in the military reported a serious deficiency in this regard. This report said that 2,861 more francophones than required were bilingual, while there was a shortage of 1,424 bilingual anglophones.

Of course, this sample includes more than the officer corps, but it shows how much it has been left to francophones to promote bilingualism in the Canadian forces.

Remember the climate surrounding the announcement that the military college in Saint-Jean would be closed. The defence minister said that the military college in Saint-Jean would be closed to save money. It is also for economic reasons that he has decided to put francophones in an English speaking environment for their military training.

In his statement, the minister talks about an environment that encourages francophones to study in Kingston. Unfortunately, I think that is hypocritical, because many past and present officer cadets question the statement which the minister made this morning.

The minister made optimistic predictions about the level of bilingualism in the officer corps. I will give him some more realistic projections: yes, there will still be bilingual officer cadets, but more and more of them will be from a French background. That is reality.

There is nothing specific in this plan, nothing about how to get there, nothing about extra costs, nothing to satisfy us. There is nothing that could justify closing the military college in Saint-Jean or offset the loss and the major setback for francophones in the Canadian Forces as a result of this politically motivated closure.

[English]

**Mr. Bob Ringma (Nanaimo—Cowichan):** Madam Speaker, first I would like to accept the minister's apology for the late delivery of his statement. We have managed somehow even though it is late.

[Translation]

In answer to the minister, it must first be understood that Royal Military College in Kingston is already a rather bilingual institution and has been for years.

It must also be recognized that, following the closing of CMR in Saint-Jean, there must be a place where francophone officer cadets can complete their studies.

Consequently, it is desirable and rather easy to have a fully bilingual institution such as CMR.

I also want to add that, after talking this morning with a former commanding officer of the college, I really think that bilingualism there is something which promotes national unity.

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While agreeing that bilingualism at RMC is desirable and achievable at little extra expense, the point could be made that with the closing of CMR and Royal Roads there will be considerable savings.

Nevertheless it is necessary to signal a cautionary. The watchword from DND, the Department of National Defence, cannot be RMC today, tomorrow the whole country. There is a real and present danger underlined by the words of the Minister of National Defence in the House in February when he announced that by 1997 officers in the Canadian forces must be bilingual if they wish to be promoted beyond the rank of lieutenant colonel.

(1030)

English speaking Canadians should be able to have a full and unfettered career in the English language, however desirable it is to be bilingual.

The recent booklet of the Minister of Canadian Heritage, "Official Languages: Myths and Realities", states: "English speaking Canadians and French speaking Canadians regardless of ethnic origin or first language learned have equal opportunities for employment and advancement". It also states: "The federal government is bilingual but the individual citizen does not have to be. You have every right to remain unilingual. Universal bilingualism has never been the goal of the policy". Finally it is stated on page 16: "Individual bilingualism is a matter of personal choice".

In conclusion we can endorse the completion of the bilingual process at RMC for the reasons noted, including cost savings. However we caution the government against carrying the enforced bilingualism policy too far as it is doing in the rest of the Canadian forces.

Voluntary bilingualism, yes; enforced, no.

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*[Translation]***CANADA PETROLEUM RESOURCES ACT**

**Hon. Fernand Robichaud (for the Minister of Indian Affairs and Northern Development)** moved for leave to introduce Bill C-25, an act to amend the Canada Petroleum Resources Act.

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

*[English]***PETITIONS**

## ASSISTED SUICIDE

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia):** Madam Speaker, pursuant to Standing Order 36, it is my honour to present a petition duly certified by the clerk of petitions. It is signed by 60 residents of the Hodgeville—Glen Bain district in my constituency.

Briefly the petition states in part that the petitioners humbly pray that Parliament not repeal or amend section 241 of the Criminal Code in any way and uphold the Supreme Court of Canada decision of September 30, 1993 to disallow assisted suicide, euthanasia. I support the petition.

\* \* \*

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

(Questions answered orally are indicated by an asterisk.)

**Hon. Fernand Robichaud (Secretary of State (Parliamentary Affairs)):** Madam Speaker, the following question will be answered today: No. 22.

*[Text]*

Question No. 22—**Mr. Taylor:**

Following the 1989 report of the task force on tax benefits for northern and isolated areas, will the government proceed with the termination of the tax benefits for certain northern and isolated areas?

**Mr. David Walker (Parliamentary Secretary to Minister of Finance):** Because of the inequities associated with previous approaches of providing tax assistance to northern residents, in 1988 a task force was established to study this issue and to make recommendations. The task force held public meetings in many communities across the country and received a number of written submissions. On the basis of these consultations, the task force concluded that an approach based on broad zones of eligibility was preferable. The northern and intermediate zones were defined using ranking systems developed by the task force which were comprised of objective criteria relating to environmental factors, community characteristics, and location.

Full implementation of this system will result in gradually making certain communities ineligible for some or all of the benefits. For example, those communities becoming ineligible for all benefits were entitled to full benefits until the end of 1992, received two-thirds benefits in 1993, will receive one-third benefits in 1994, and zero thereafter.

A review of the events that led to the implementation of the current system establishes that the zonal approach is the right one. The system must be given a chance to reach a mature stage.

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When the full impact of the current system is known after the transitional measures have run their course it will be possible to determine whether the current policy is fairer, simpler, and more effective than its predecessors at providing tax assistance to residents of northern and isolated areas.

[Translation]

**The Acting Speaker (Mrs. Maheu):** The question enumerated by the parliamentary secretary has been answered.

**Hon. Fernand Robichaud (Secretary of State (Parliamentary Affairs)):** Madam Speaker, I would ask that the remaining questions be allowed to stand.

**The Acting Speaker (Mrs. Maheu):** Shall the remaining questions be allowed to stand?

**Some hon. members:** Agreed.

(1035)

[English]

**The Acting Speaker (Mrs. Maheu):** I wish to inform the House that, pursuant to Standing Order 33(2)(b), because of the ministerial statement Government Orders will be extended by 26 minutes.

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## GOVERNMENT ORDERS

[Translation]

### PEARSON INTERNATIONAL AIRPORT AGREEMENTS ACT

**Hon. Douglas Young (Minister of Transport)** moved that Bill C-22, an Act respecting certain agreements concerning the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson International Airport, be read the second time and referred to a committee.

He said: Madam Speaker, today I have the pleasure of proposing the second reading of this very important piece of legislation and I want to take this opportunity to thank my colleague, the Minister of Industry, who was kind enough to table this bill on my behalf.

Bill C-22 is a measure to cancel agreements between Her Majesty and T1 T2 Limited Partnership.

[English]

The arrangements I refer to were entered into by the previous government. They would have turned over the development and operation of terminals 1 and 2 at Canada's largest and most important transportation facility, Lester B. Pearson International Airport, for 60 years to a group of private developers.

Our government after careful examination of the agreements has determined they are not in the public interest. Our examination included a report by Mr. Robert Nixon who described a

flawed process clouded by the possibility of political manipulation.

This government rejects the previous government's way of doing business on behalf of Canadians. A reliance on lobbyists, the backroom dealings, the manipulation of bona fide private sector interests and the lack of respect for the impartiality of public servants are absolutely unacceptable.

It should be noted the request for proposals for the project was released in March 1992 after a ministerial announcement in October 1990. The claim for compensation from the partnership however shows that as early as August 1989 one of the partners was working on a proposal to develop and operate terminals at Pearson International. This would lead one to believe that someone other than the government was in charge of the privatization project at Pearson.

The government intends to be in charge of the public agenda. We will make the decisions that affect the national interest. We believe matters that could significantly affect our economy and our competitive position as a nation should be decided in an open and accessible process, not by lobbyists and certainly not by five-year old governments in the dying days of their mandate. Decisions made by our government will reflect Canadians' traditional sense of fairness and fair play.

In deciding to legislate an end to this quagmire, the government took account of several factors: the need to come to an early decision on the future needs of Pearson unencumbered by these agreements; the government's intention to put the national interest ahead of private sector profit; and the fact that the private sector would have taken control of one of the country's most important transportation assets, an asset that if not managed in the public interest could jeopardize the country's economy and its international competitiveness.

These concerns and the government's response to them are reflected in the legislation before us today. The legislation contains several provisions. It declares that the agreements have not come into force and have no legal effect.

Further, no court action of any kind may be taken against Her Majesty, her servants or agents owing to these agreements, the process that was followed to enter into the agreements or to terminate them.

(1040)

No one will be entitled to compensation from Her Majesty as a result of this legislation. However, the Minister of Transport may with governor in council approval provide for appropriate payments to the partnership for its out of pocket expenses, but nothing will be paid for lost profits or lobbyist fees.

The bill will allow the Government of Canada to retain control over the future of terminals 1 and 2 at Pearson. It will provide a framework to allow for a fair and equitable disposition of the matter.

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The legislation reflects public statements made by members of the government that predate the signing of the agreement. Those statements included a clear warning to the developer not to sign an agreement and to risk cancellation of the agreement if it was found not to be in the public interest.

As well, there have been the subsequent statements by government that it would consider paying out of pocket expenses but that nothing would be paid for lost profits or lobbyist fees. The government decided on no lost profits because we believe to pay such compensation is simply not appropriate in these circumstances.

The warnings not to sign these agreements and the subsequent action taken to cancel them are absolutely consistent. Uncontrolled lobbying conducted behind closed doors that leads to a contract detrimental to the public good cannot and will not be condoned. The government's decision not to pay lobbyist fees recognizes that individuals and companies involved in the process did not take the public interest into account.

The government wants to make it as clear as we can that we wish to deal with the private sector in an open, fair and responsible manner, but we will always take the taxpayers' interests into account. This decision should signal to all parties that abuses in the political process and practices we consider to be unacceptable will not be tolerated.

The government has decided it may pay out of pocket expenses in recognition that this particular privatization process no matter how flawed was an accepted practice by the previous government. The parties were playing in a game that in this particular case was heavily influenced by the actions of lobbyists.

It is recognized that the cancellation of the arrangement will have an impact on the developers. Several of the companies spent large amounts of money to plan, design and negotiate this deal. I am well aware some will say that expenses such as these should not be paid because of the manipulation that occurred. However we believe as a government that we must make every attempt to be reasonable and equitable.

I want to emphasize another point. This legislation does not lessen the government's desire to reach a negotiated settlement with the developer on these out of pocket expenses. These negotiations are under way.

The legislation clearly sets out certain parameters for these negotiations, including a time limit. A time limit is necessary to ensure that negotiations are not unduly protracted, thus allowing the government to proceed with planning the future of Canada's largest and most important transportation facility.

The matter must be finalized so that we can plan the future of Pearson International Airport. It is our objective to provide clear direction on the future of Pearson before the end of this year. I have stated that on many occasions. This will include decisions

on a future management regime for Pearson and its development needs.

These arrangements cannot be finalized while these contracts are not cancelled because they could very well hamper the ability of a new management system to respond to the essential needs of Pearson. Lengthy delays could have significant economic consequences not only in the metropolitan Toronto area but across the country because Pearson is the hub on which Canada's aviation system turns.

(1045)

In summary the legislation is designed to formally put an end to those agreements relating to the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson that were arrived at as the result of a flawed process.

I reiterate that in cancelling the deals the government will attempt to negotiate fair and reasonable out of pocket expenses compensation, but it will not pay for lost profits and it will not reimburse anything for lobbyist fees.

The government will not be held hostage to any lengthy negotiating process that could impact on the future of Pearson, our economy, the international competitiveness of that facility and in the final analysis the public good.

If an acceptable settlement cannot be arrived at and arrived at soon, the legislation provides that no compensation shall be paid.

It is time to get on with the business of providing Canada with an efficient, safe and affordable national airport system. It is time to get on with the future of Lester B. Pearson International Airport.

[*Translation*]

**Hon. Lucien Bouchard (Leader of the Opposition):** Madam Speaker, this government has introduced Bill C-22 as an example of renewed political transparency. Or so it claims. In fact, in some respects, the proposed legislation casts a cozy mantle of discretion over the actions it was intended to censure.

First of all, the bill itself raises a number of questions, and I hope this debate will help clarify the grey areas about which we have a quite a few queries. In fact, Bill C-22 is unsatisfactory, not because of what it says but because of what it does not say.

Of course, the government wants to get rid of a hot potato that has been passed back and forth for months, from the anterooms of politicians to law offices, from lobbyists' offices to the halls of government. However, if the powers that be expect this bill will put an end to this disgraceful manoeuvring, they are wrong. On the contrary, there is some fancy legal wording that says a great deal about the hidden agenda of the government, one instance being section 9 of the bill which provides very clearly, as the minister just said with some satisfaction, that no



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compensation will be paid. Section 9 provides very clearly, and I quote:

9. No one is entitled to any compensation from Her Majesty in connection with the coming into force of this Act.

Now that sounds squeaky clean, does it not? The problem is, that the bill immediately goes on to say in section 10(1) that:

10. (1) If the Minister considers it appropriate to do so, the Minister may, with the approval of the Governor in Council—

In other words, the cabinet. It continues:

—if the Minister considers it appropriate to do so.

With his ministerial discretion and considering what he thinks is sensible and the interests of his government and those of his friends, he may:

enter into agreements on behalf of Her Majesty to provide for the payment of such amounts as the Minister considers appropriate in connection with the coming into force of this Act, subject to the terms and conditions that the Minister considers appropriate.

Of course the government is not at all trying to protect the interests of the parties involved with these agreements that will be made at the minister's discretion, in the privacy of cabinet, with the Liberal Party's lobbyists in attendance. That is the situation. That is what bill C-22 is all about. Although section 10(2) provides:

(2) No amount is payable under an agreement entered into under this section in relation to (a) any loss of profits, or (b) any fee paid for the purpose of lobbying a public office holder—

We still have no indication of the nature of the amounts the minister may pay at his discretion or of the identity of the individuals who may benefit from such ministerial discretion.

This is disturbing. It is disturbing because this particular case is overrun by lobbyists. It is full of people wheeling and dealing in the corridors of power with the two big parties, the Liberal Party and the Conservative Party.

(1050)

And it makes the hon. minister laugh. It amuses him. He is laughing at the thought that, by this evening, his concerns will be put to rest by a vote, while those who were mixed up in this sordid affair are losing sleep over it.

Furthermore, even if lobbying fees are not compensated under the legislation, the fact remains that the taxpayers will be paying part of the companies' lobbying expenses indirectly, in the form of corporate tax deductions.

How can you justify making the taxpayers in Quebec and Canada contribute to the funding of such crass patronage? Even the current Minister of Transport has suggested that lobbying

fees not be made tax deductible. Even he, the minister who is laughing here in this House today!

His government did not listen to him. Did he protest? No, he smiled. He was voted down by Cabinet on this issue. He finds it amusing and defers to Cabinet solidarity and the party line.

This is to say that we are not alone to rebel against this policy. What is the government asking for here?

It is asking us to back this shameless political sham. They would want us to give the minister a blank cheque to compensate their friends and others spoilsmen that they would not go about it any differently.

Never will the Bloc Quebecois accept to support in any way a government plan to take with the right hand what it is apparently forbidding itself to take with the left hand.

They would have us be taken in by Bill C-22, colloquially speaking. Just to set things in perspective, allow me, to look back briefly on the recent past.

I would like to reemphasize some basic facts of this complex issue. I see that the minister has little interest for the issue, since he is leaving! He has more important things to do than to listen to the truth on this issue.

**Mr. Young:** And you, where were you when I spoke, you hypocrite?

**Mr. Bouchard:** Madam Speaker, unparliamentary language has just been used by a member whom you had not recognized. I would ask that you to call him to order.

[English]

**The Acting Speaker (Mrs. Maheu):** In the interest of courteous debate, I wonder if the minister would be willing to withdraw his comments.

[Translation]

**Mr. Young (Minister of Transport):** Madam Speaker, I apologize. It is just that the hon. leader of the Bloc Quebecois was referring to the fact that I was having a private conversation with a colleague while he was speaking.

I simply pointed out that he himself was not in this chamber when I gave my speech and that it is somewhat hypocritical to mention my presence or absence when he himself was not present when I made my remarks.

**Mr. Plamondon:** On a point of order, Madam Speaker.

I would like to remind you that, about a month ago, I used the same word or words to the effect that the hon. member who was tabling a particular petition was acting hypocritically, that it was hypocrisy and, at the time, the Chair had stood up and asked me to withdraw my remark.

I wanted to explain myself, but was turned down and told to withdraw immediately what I had said. Out of respect for the Chair, I complied immediately, withdrew my remark, and apologized to the hon. member I had called a hypocrite. That is how much respect I have for the Chair and for this institution. I think that a Cabinet minister should do as I did and, at the request of the Chair, withdraw his remarks and apologize.

**Mr. Bouchard:** Like you, I noticed that, when the Chair asked the hon. minister to withdraw his remark, he rose only to reiterate it, using the word hypocrite again in what should have been an apology.

I think that the least that could be expected from a minister, in particular a veteran of this House, when we are debating a point of paramount importance on a subject that directly concerns him as the minister responsible for the subject, the gentlemanly thing to do would be to withdraw his remarks.

(1055)

**Mr. Young:** Madam Speaker, if, with the Opposition Leader's vast experience as a member of the government that created the problem we are trying to solve today, he does not consider himself a hypocrite, I will withdraw my accusation.

**Mr. Bouchard:** We will resume this very important debate on one of the biggest Canadian political scandals in recent years involving the two major parties. This affair is somewhat reminiscent of a political and financial soap opera. What is the plot? Who are the actors? Who is the director? It leaves a lot of unanswered questions. One thing is clear: there is no answer to be found in the bill we are being asked to approve.

Although we are not entirely sure of the actors and the plot, one thing has been clear since the beginning: that the stage is lit with red and blue lights—a very bright, Liberal red and a tasteful dark Tory blue. Transparency is reduced to a bare minimum. In fact, the only thing that is transparent in this sensitive case, in my opinion, is the will of the parties involved to make things as unclear as possible.

The most distressing aspect of this sorry business is that we are here today to debate a bill concerning the cancellation of an airport privatization which was accepted by the government whose official policy on airport management was, and still is as far as I know, to return the management of airports to the local people and not to private interests. As you can see, the plot thickens even before the curtain rises.

[*English*]

In April 1987, as members will recall, the previous government announced with great to do an overall policy for airport management in Canada. That policy advocated in particular that the running of airports be entrusted to local administrations, not

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to consortiums or friends or the party in power but to truly local administrations.

Transport Canada in pursuance of that policy and recognizing the economic importance of airports for the regions they serve favoured local groups to run them, groups made up of local elected officials and businessmen, in other words, those people who have the best understanding of all the economic factors involved and of the need for a forceful and realistic management approach.

Furthermore, in the case of Pearson International Airport such a group had been formed in April 1993 and was ready to take in hand the operation of the airport.

The Ontario government was strongly in favour of turning over the operation of the airport to a local non-profit organization of that type. The federal government, using as a protest certain disagreements within the group, preferred to satisfy the appetites of the moneylenders and the lobbyists and, disregarding its own policy, proceeded to privatize the airport.

What was the pressure to privatize? There was pressure of two kinds. First it was in 1993.

**An hon. member:** You were in cabinet.

**Mr. Bouchard:** The Liberals seem to have forgotten that I resigned from government in May 1990. I am a free man. I am very happy to be that and have been very proud of it for the last three years.

There was pressure of two kinds. First, there was the lure of gain for a friendly regime. Second, there was the desire on the part of the government to please those friends. That explains the unseemly rush during the last days of the Conservative regime to conclude a deal where everyone stood to gain except the public at large. The privatization was suddenly not motivated by any need on the part of the federal government of the day to get rid of burdensome installations since according to the airport financial statements transmitted to Mr. Robert Nixon, the Prime Minister's special investigator, the airport would have made profits in the region of \$23 million in 1993 and that is without taking into consideration rental revenues from terminal 3.

(1100)

Let us not forget that Pearson International Airport is the most important airport in Canada. It employs 15,000 people. According to a Transport Canada study dating from 1987 it has direct economic side effects for the Ontario economy amounting to \$4 billion. Approximately 57,000 passengers pass through the airport every day, that is to say 20 million passengers each year. About 800 aircraft land and take off daily for 300 destinations in 60 countries.

It is in fact the only Canadian airport which could be termed a hub for air traffic in Canada, a status that Vancouver is about to

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attain and that Montreal could reach if only the government would give it the necessary boost.

Yet it is the lure of profit that is the primary source of all the political and media tumult now obliging the Canadian House of Commons to come to a decision on the bill. If the Parliament of Canada has to be called in, the backroom ministerial manoeuvrings have to be particularly scandalous.

[*Translation*]

The intrigues surrounding this case since the beginning started as soon as the government announced its Canadian airport management policy. As I said earlier, this policy was made public in April 1987, and the following June, the government asked the Airport Development Corporation to build and operate Terminal 3 at Pearson Airport.

In September 1989, Paxport Inc. submitted to the government a proposal to privatize Terminals 1 and 2. This proposal was rejected because the government policy was not to privatize. I was then a member of the government.

One year later—I had since resigned—the federal government took the lead in inviting, without further explanations, the private sector to participate in the upgrading of Terminals 1 and 2.

In March 1992, the government officially requested proposals to privatize Terminals 1 and 2. But unlike what was done in awarding the contract to build and operate Terminal 3—a two-phase process consisting of the request for proposals and the selection of candidates—the bids to privatize Terminals 1 and 2 were only subject to one 90-day selection phase.

Why the rush? Did the upcoming election spur them into action? In early June of the same year, perhaps because of the extremely tight deadlines set by the government, only two proposals were received, one from Paxport Inc. and the other from Claridge, already at work on Terminal 3.

On December 7, 1992, the government approved the bid submitted by Paxport, which had until February 15 to demonstrate the financial viability of its proposal. But that was not to be since, less than two months later, a financially-troubled Paxport had to merge with its only competitor, Claridge Properties, to create the T1 T2 Limited Partnership consortium.

Is it not rather surprising that the government awarded a 57-year contract worth millions of dollars to a financially-troubled management company that was also close to the political party in office?

We know that one of the arguments put forward by the government to justify its decision to award the contract to Paxport had to do with encouraging healthy competition between the manager of Terminals 1 and 2, Paxport, and the manager of Terminal 3, Claridge. How virtuous can you get?

Here is a government which, although it wants to privatize, wants to do it according to the rules of the private sector, by encouraging competition. How can we explain this about-face by the government which accepts without objecting the merging of the two competitors? Under this submission, those two competitors who were adversaries one day became united friends the next. The government could have rejected that submission, but it did not even bat an eyelash, thereby accepting to deal with only one entity, after having sung the praises of competition and insisted on its necessity.

(1105)

Is it not strange that when the only two bidders for such an important contract form a monopoly, the government accepts that? Is it not strange that the period for making submissions was only 90 days, as in the case for an ordinary call for tenders, while the duration and the complexity of the contract are way out of the ordinary? Why limit that period? Is it to allow interested parties already familiar with the issue to review their submission? After all, Paxport had already submitted a privatization plan in 1989, while Claridge was already managing terminal 3 at Pearson Airport.

Obviously somebody somewhere deemed appropriate to bypass the bureaucratic system and infiltrate the government political machine to gain some privileges, this in contempt of the official principles of equity. Is this not a clear and particularly cynical example of private interests being more concerned about their revenue than the common good? And what about the elected officials who caved in to them?

The Nixon report judges them severely: “It is clear that the lobbyists played a prominent part in attempting to affect the decisions that were reached, going far beyond the acceptable concept of “consulting”. When senior bureaucrats involved in the negotiations for the Government of Canada feel that their actions and decisions are being heavily affected by lobbyists as occurred here, the role of the latter has, in my view, exceeded permissible norms.”

This strong statement should have convinced this government to take every measure to find out about the role played by lobbyists in the dealings related to the privatization of Terminals 1 and 2. Instead, the government decides to turn the page, and tries to do so in an incredible way, after a five-minute speech by the minister responsible, who is not even here for the debate that follows. The minister is in fact asking the House of Commons to cover his acts. He wants to use a vote in the House to cover acts which should be made public. Instead of trying harder to discover the facts and to look in detail at the actions and motives of those involved, he tries to close the case by tabling a piece of legislation.

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Who can doubt that, if it is passed by the House, Bill C-22 will close the book for good on this shocking issue? Lobbyists and others involved in this operation will be able to relax. Some who are not lobbyists but who were bidders might even be compensated by the minister. Madam Speaker, you might wonder to which stakeholders I am referring? The act is silent on this and merely excludes refunding lobbyists fees and anticipated profits. Everything else is at the discretion of the minister and depends on his generosity.

Everyone knows that lobbyists abound on Parliament Hill and are involved in every important issue. I agree that some lobbying is acceptable. In this regard, I support the comments made by the Standing Committee on Consumer and Corporate Affairs and Government Operations which, in its report on lobbies released last year, said that lobbying is a necessary component of a modern decision-making process, and that the right to lobby is a fundamental one in a democracy.

However, the committee also added that, when lobbying takes place without the public's knowledge, there is a greater risk of decisions being made against its interest.

If there is an example in our political history which confirms the validity of the committee's comments, it is the Pearson Airport dealings, which were conducted clandestinely, behind the close doors of ministers offices, with political operators, people who influence governments, political contributors and lobbyists.

(1110)

If we need an example of the need for public disclosure, which was one of the priorities of the Commons committee on lobbying, we have it right here. And if there is any lesson to be learned from the Pearson airport affair, it is that something must be done to change the rules of the game.

[*English*]

In the case concerning us today it is clear that lobbying played a preponderant role. The final result will cost the taxpayers millions of dollars. That is what I call overstepping the mark and it is why I am inviting the Prime Minister to submit concrete proposals to make that very significant activity as open as possible.

His government could suggest putting more teeth into the act respecting the registration of lobbyists, an act which lacks consistency to say the least.

In its report on lobbying the standing committee draws attention to several flaws and suggests some useful solutions. In particular the committee considers inadequate the requirements regarding the registration of tier II lobbyists, a group which is very poorly defined in the present act and which has only to disclose their names and the names of their employers.

The committee report says: "Such disclosure gives no indication as to the type of questions which could be of interest to the organization", to say nothing of the fact that the actual function of lobbyists could easily be disguised through the use of various legal tactics.

Concerning the matter of the disclosure of the objectives sought by the lobbyists, the requirements of the act are not sufficiently forceful and the provision concerning the registration of lobbying activities is so vague as to be useless.

[*Translation*]

To close the loopholes in the current legislation on lobbyists, we should at least consider a system of disclosure, under which the public office holder being lobbied would have an obligation to disclose his professional contacts with lobbyists. Transparency would no longer apply only to the wish list of the lobbyists but also to the public office holders being lobbied.

Similarly, the quality of our political and democratic system would be enhanced by imposing a code of ethics on elected representatives and senior officials. We could take our inspiration from the bill now before the U.S. Congress, where they have understood the need to provide a framework of measures designed to preserve the integrity of the political process.

In fact, even the Liberal Party, during its period of abstinence when it was seeking power, had taken a position on this issue, and as far as I know, it still stands. The red book, which is constantly being quoted in this House and which was launched with lot of hoopla during the election campaign, clearly says on page 95, and this is from the Liberals before they came to power, and I quote:

—we will develop a Code of Conduct for public officials to guide cabinet ministers, members of Parliament, senators, political staff and public servants in their dealings with lobbyists.

The red book, still the red book, also promises:

In particular, a Liberal government will appoint an independent ethics counsellor to advise both public officials and lobbyists in the day-to-day application of the Code of Conduct for public officials. The ethics counsellor will be appointed after consultation with the leaders of all parties in the House of Commons and will report directly to Parliament—

Where is this independent ethics counsellor? When does the government intend to consult us? Why has it been dragging its feet for six months? Where is its political will? Where is the transparency? Nowhere, because today, the Liberals form the government and, by the same token, are in no rush to keep their promises.

These are only a few examples, not only of the shortcomings, omissions and vagueness of the Lobbyists Registration Act and the questions it raises, but also of the ways which this transparency can be guaranteed. We must go further and apply the same principles to political party financing. In fact, if the government in its concerns for transparency intends to give all citizens equal access to public decision-makers, why does it refuse to make political party financing more democratic? Good question.

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(1115)

How can the Liberal government expect to make the system more transparent when it too depends on donations from large corporations. For example, in 1992, the last year for which data are available, the six largest Canadian banks—I will not bother to name them since we all know which banks are involved—donated nearly \$500,000 to Liberal and Conservative party coffers. These two parties received \$244,301.54 and \$241,493.92 respectively. Canadian banks have a sense of election parity since the total amounts donated to each party were virtually identical. As we all know, the party in power today could be replaced by another tomorrow, and the banks are big on insurance policies. They like to keep things even, especially when their interests are at stake and especially when it is a matter of influencing government by the decisions they make.

In Quebec, under the guidance of René Lévesque—yes, René Lévesque, a name not spoken in this House—this process was brought out into the open. The act of cleaning up our political standards and practices which ensued today stands as proof of the pride and democratic vitality of Quebecers.

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

**Mr. Bouchard:** It is vitally important that the process of donating funds to political parties be democratized. The need to do so transcends partisan political divisions, given that the democratic well-being of the people is at stake. It was in this spirit that my colleague, the hon. member for Richelieu, tabled a resolution respecting donations to political parties. I wish to take this opportunity to invite all members of this House to reflect on this issue and to bring pressure to bear on the government to launch this process of democratizing political party funding as soon as possible. Our political system must be hooked into today's reality and made more open and accessible to the ordinary citizen. This process will breathe new life into the system.

Everyone is well aware of the deals made between large financial backers and certain political parties, mostly the major parties and who can disagree that the Liberal Party is a major party? The Liberals are the first ones to say that theirs is a major party. The well-known deals and arrangements between these large political parties and the big financial backers have led the public to have an unhealthy distrust of our political institutions. There is not one member in this House who has not seen on numerous occasions how deeply suspicious his constituents are of the hidden, close, clandestine, almost incestuous relations between the big financial backers and the major parties that form the government.

All members of this House are aware of this fact. Which ones will put pressure on the government to force it to adopt once and for all a fundamentally democratic measure which is desperately needed and to follow Quebec's example? I am referring to limiting to individuals, the right to donate to political parties a practice which we advocate and follow. It allows us to keep in constant touch with our fellow citizens and gives those who make donations a real voice in the political process. At the same time, it leaves the legislator perfectly free, because his first duty is to the public, not to groups operating behind the scenes.

By raising donations in this manner, we will ensure that the party remains in the hands of the members, irrespective of the ongoing pressure exerted on the party's elected representatives to adopt sectarian positions. This process has a name: transparency. Transparency serves a purpose, that is the promotion of democracy. It is this same democracy that enables all of us here today to represent our fellow citizens. Transparency should be the cornerstone of the governing process. It is imperative that all government business be conducted in a transparent manner, including decisions to award contracts such as the one involving Pearson Airport.

The same holds true with respect to financial backers associated with the government. Here again with the Pearson Airport deal, it is clear that the first and sole beneficiaries of the government's largesse in the contract adjudication process have ties to the previous Conservative government as well as to the present Liberal government. If I may echo the enlightened words spoken earlier by the member for Richelieu, the Lortie Commission which was set up several years ago to consider reforms to the Elections Act and which had a mandate to examine this particular issue, could have given serious consideration to party fundraising practices and could have made more substantial recommendations as to how the process could be made more democratic. However, it did not have the guts to do so.

(1120)

Although these days, as my colleague said, major companies account for only half of the electoral contributions to political parties, it is still too much because the amounts are still large and this obsolete system leaves plenty of room for all kinds of political schemes.

Lobbyists do not only give money or cold hard cash to election campaigns; they give of themselves.

They are high powered campaign workers. They rarely work for small fry like an ordinary backbencher. They prefer to work for ministers and even the Prime Minister, if possible, and their political zeal is apparent not only during elections, because leadership races appeal to their tireless devotion as well.

And lobbyists are not at all partisan. Every time the government changes, we see them shuffling their deck and generously hiring lobbyists from the winning side. Lobbyists are wonderfully open-minded.

So there are natural ties between contributors, lobbyists and elected candidates. This buddy-buddy relationship is particularly noticeable when a juicy government contract is at stake.

The Pearson contract was a juicy one. In 1993, Pearson Airport made a profit of \$23 million, not counting terminal 3.

The rent to be paid by the Pearson Development Corporation was about \$27 million the first year, \$27 million the second year, \$28 million the third year, \$29 million the fourth year and \$30 million a year from the fifth to the tenth year.

At first glance, renting the facilities for \$27 million the first year might seem to be a good deal for the government, compared to the \$23 million it makes from it now.

But if you take a closer look, you see that is not at all the case. Indeed, after renovating the air terminal buildings, the Pearson Development Corporation intended to raise the rates charged to airlines from \$2 to \$7 a passenger, which would have meant millions and millions more income every year. For the whole airport, it is \$100 million a year, but since the rate in terminal 3 had already been raised to \$7 per passenger, the additional charges for terminals 1 and 2 are quite a lot.

Now who would have paid this additional charge per passenger? The travelling public, of course. In this regard, we were not surprised to learn that, to win Air Canada's support for this privatization, the government had agreed in July 1993 to pay 15 per cent of the rent for that airline and foreign airlines operating in terminal 2.

Since Air Canada's present lease expires in 1997 and the new lease would run for 37 years, this measure alone would have cost the federal government some \$70 million.

I think that all these shady dealings are suspicious enough to raise serious questions about the management of public funds, but there is more.

You will see that this huge waste of taxpayers' money has many ramifications. For example, I said a moment ago that these higher rates would have brought in tens of millions of dollars a year, which the federal government could very well cash in if it keeps control of the airport and makes the necessary adjustments and raises the rates itself. These rates would be the same as the present rate at terminal 3 and at most major North American airports.

Of course, this higher rate provided for in the agreement would not have taken effect immediately, but only after the Pearson Development Corporation invested the \$700 million it had promised.

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But this investment itself is a problem. Pearson had initially promised to invest \$100 million of this amount to modernize terminal 1.

However, to encourage the initial investment, the government had agreed to collect only \$16 million of the \$17-million annual rent, which amounts to a 40 per cent rebate for 1994, 1995, 1996 and part of 1997. Although these amounts were to be paid back subsequently, with interest, by deferring these payments the federal government was actually helping to finance the upgrading of Terminal 1, when it had specifically said it would not do so.

(1125)

Let us not mince words to describe the scheming and artful dodging that went on around an agreement that was unworthy of the trust that should exist between citizens and their government. The players in this political-financial saga ignored the most elementary code of ethics that should guide the relationship between the electorate and their elected representatives. By their greed they undermined the very foundation of our political system. They made a travesty of the very essence of the social contract that binds society together, to satisfy a craving for profit at any price, and the disclosure of their dealings discredited what was left of the government in power at the time.

It is rather difficult to understand why, after all this, the minister should seek authority to pay them compensation. I think we must ask this question: Is it necessary, appropriate and legitimate to pay these bidders compensation, considering the circumstances in which they operated? Only a thorough public inquiry would reveal exactly who did what and who is entitled to receive compensation and how much.

A number of players seem to have tried to take advantage of their political connections. This was hardly the average business operation you could brag about on the campaign trail, so the friends of the outgoing government and those of the incoming government acted like sensible people and reached a very sensible compromise. They said: "Let us stop fighting. Let us merge our Liberal and Conservative interests". Together, they were to conclude very quickly, before the election, a deal which until then had eluded them.

Not only Conservative lobbyists and personalities were involved. The government has presented this bill as through it were St. George slaying the dragon, in this case the Pearson contract. Away with this shameful Conservative contract and let the House help me raise a wall to protect the citizens of Canada from this contract!

Not only Conservative lobbyists and personalities were involved. Both traditional parties, as they like to call themselves, are represented in this mixed bag of moneylenders, fundraisers and lobbyists.

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One of the directors of Claridge is the Liberal senator who received the future Liberal Prime Minister at his residence in Westmount at a \$1,000-a-plate reception in the middle of the election campaign.

**An hon. member:** That's indecent!

**Mr. Bouchard:** Another lobbyist for Claridge was the present Prime Minister's former organizer, so we should not be misled by the present government's insistence on its role in cancelling the contract. The government knows perfectly well that this tainted contract was produced by the entourages of both camps, and not only by the Conservatives. The government knows perfectly well—my speaking time is not limited, Madam Speaker.

**The Acting Speaker (Mrs. Maheu):** No, I apologize for interrupting the minister.

**Mr. Bouchard:** He is getting upset over there because he doesn't like what I am saying. He would prefer to see this legislation go through the House like so many bills, after a quick vote. That will not happen, however. There is a debate here in this House.

**An hon. member:** Right on!

**Mr. Bouchard:** Canadians and Quebecers are entitled to hear the truth about this bill.

**Some hon. members:** Let's hear it for political patronage!

**Mr. Bouchard:** The government knows perfectly well that an enquiry would bring many of its fundraising friends scurrying out of their hiding places. We know that both camps worked together on this deal.

There is a lesson here, and it is that like great causes and great ideas, money sometimes makes strange bedfellows.

The author of the Nixon report is a former treasurer of the Ontario government. He is not a member of the Bloc Quebecois.

(1130)

He is a respectable man, probably a federalist—and I respect him none the less for that—who was closely involved in the running of democratic institutions in Ontario, a well-known man, a man of integrity. In a word, the man I am about to quote—and you will notice that his criticism is even harsher than mine—knows what he is talking about. He has submitted the contract to a thorough examination, and was commissioned to do so. What did he find? He said: "To leave in place an inadequate contract, arrived at through such a flawed process and under the shadow of possible political manipulation, is unacceptable".

In other words, Mr. Nixon, who had neither the time, the means nor the power to conduct a comprehensive investigation was only able to get a glimpse, through the curtain, through the smoke in the ante-rooms of power, of possible political manipulation. Now that we know about this possibility, we must act. We

must gather information. We must find out who the players were and who engineered this, if only to make sure they do not receive compensation they do not deserve.

Should an in-depth investigation show that some of the people involved acted in an unlawful, unacceptable or unethical manner in this matter, would we still be expected to pass clause 9, and especially clause 10, that allows the minister to pay them generous compensation? Certainly not! But, unbeknown to us, this doubt, this terrible, gnawing doubt, was put in our minds by the findings of the investigators.

"Possible political manipulation", that is heavy stuff. I could not bring myself to utter those words in my speech, but that is how the formal investigation report was worded. Do we stop here, in case the commission of inquiry decides some compensation is in order? That is a possibility. We do not know. We do not have all the facts. There may be people in there who acted in good faith. Maybe, maybe not. We would need to know which were honest and which were not. Otherwise, the good guy is going to pay for the actions of the others. We would have to sort all that out in a public inquiry that would show to everyone that justice has been served.

In addition, if this commission found that some compensation was called for in certain cases, it could determine the amounts openly and publicly and much more objectively than any Liberal minister, including the minister responsible for this case. We could also protect ourselves in the future by identifying clearly the people who pulled the strings on the Liberal side. We know they are there and we could identify them, thus preventing them from acting the same way with the current government in other cases.

I therefore ask the Prime Minister to set up such a royal commission of inquiry, which is the only authority capable of sorting out the real responsibilities of the parties involved in this case. It is also the only way to promote, in the general population as well as in this House, a healthy debate on the links that should or should not exist between a democratically elected government and partisan political entities interested in promoting private interests.

Such a commission could also, in the course of its work, study the issues underlying all these manipulations such as the management of federal airports. In the current economic context, who is in the best position to guarantee the viability and profitability of airport development? Is it the federal government? Is it non-profit agencies created for this purpose or other formulas? Would it not be better to turn their management over to local administrations, like in Montreal, as advocated in Transport Canada's policy during the events examined by Nixon?

Who in this country is best equipped to manage airports? It is an important question. It appears that even the current Prime Minister is not sure as he objected to Pearson Airport's privatization only on the last day of the election campaign, when it

became obvious that the public was outraged by the deal's secrecy.

We all have a duty to be transparent. It is this transparency that made Nixon say on page 11 of his report: "Failure to make public the full identity of the participants in this agreement and other salient terms of the contract inevitably raises public suspicion. Where the Government of Canada proposes to privatize a public asset, in my opinion, transparency should be the order of the day. The public should have the right to know the full details of the agreement".

(1135)

On this point, the Bloc can only support the opinion expressed by the fact finder, Mr. Nixon, and demand that the government truly take note of his comments and puts an end to this era of confusion which has everyone wondering.

[English]

Openness is a political virtue which has been absent in the country for many years now. Openness is a constant guide. It represents security and inspires confidence. We all know that confidence is a flower that has faded in recent years in Canada.

The disengagement of citizens, smuggling, the black market, general cynicism, all these social phenomena are the products of apparently very disparate factors. They can all be traced back to the same origin: the lack of openness on the part of the state which operates behind closed doors concerned, I would say obsessed, with management matters, too often oblivious to the real needs of all those men and women upon whom it must depend for its very legitimacy.

[Translation]

The time has come to go back to the basics and restore political transparency so as to once again give meaning to Canadian democracy. The Bloc will oppose Bill C-22. First, because this legislation is premature. First and foremost because a royal commission of inquiry must be appointed to clarify this dark episode in which the ethical behaviour of the government and some related players was not up to par.

Moreover, and I will end on that, it is imperative that, before anything else, and especially before trying to hide the reprehensible actions which were taken, strict measures be taken to control the activities of lobbyists. This is the very basis of my amendment.

Therefore, seconded by my colleague the member for Beauport—Montmorency—Orléans, I move:

That all the words following "That" be eliminated and replaced by the following:

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That this House refuse to proceed with the second reading of Bill C-22, an Act respecting certain agreements concerning the redevelopment and operation of Terminals 1 and 2 at Lester B. Pearson International Airport

Because the bill is flawed since it does not provide measures to ensure the transparency of lobbyists' activities.

[English]

**Mr. Ed Harper (Simcoe Centre):** Madam Speaker, I appreciate the opportunity today to speak on Bill C-22.

This whole Pearson revitalization and the studies that have been done raise many questions. I am hoping that the debate we are about to embark on will provide some answers to the questions. Actually Mr. Nixon's review demands a response. I would like to quote from the press release that came out with Mr. Nixon's review: "My review has left me with but one conclusion, to leave in place an inadequate contract, arrived at with such a flawed process and under the shadow of possible political manipulation, is unacceptable. I recommend to you that the contract be cancelled".

(1140)

Those are very strong words and I think in those words there is a message that we must be fair. I was interested in the minister's comments when he spoke earlier this morning about being fair. The minister said that there may be those who would question any moneys being paid because of manipulation. He acknowledged that there may have been some manipulation. However he wanted his government to be fair and reasonable.

To whom are we going to be fair and reasonable? Will it be the taxpayers of Canada, the people who are paying the bills, or the lobbyists who are to profit from any moneys that are exchanged here? I think we have to be fair and reasonable. My priorities are that we have to be fair and reasonable with the taxpayers of Canada. We have an obligation to be fair and reasonable to those whose names and reputations have been called into question in all of this. They should be given an opportunity to clear themselves if that is possible. There should be no tax dollars spent until the air is clear.

Bill C-22 is virtually unprecedented. However I would suggest that the circumstances here are virtually unprecedented. We have accusations of patronage, accusations of political interference, accusations of excessive lobbying and apparently the elimination of competition.

The government has said much about honesty and fairness. I would like to quote from the red book on page 91. Chapter 6 begins:

If government is to play a positive role in society, as it must, honesty and integrity in our political institutions must be restored.

The most important asset of government is the confidence it enjoys of the citizens to whom it is accountable.



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Bill C-22 does nothing toward this goal. Full disclosure of all that has taken place would go a long way toward achieving this. Let us review the background and the history to bring us up to date on the Pearson revitalization. There are many conflicting and contradictory positions.

Through a series of complicated deals two companies merge as partners: Paxport, which is controlled by Matthews Group Limited with very strong Tory connections, and Claridge Investments, a company with very strong Liberal connections. These two companies are joined together as the Pearson Development Corporation.

Bill C-22 is the beginning of the end of a process which started in 1987 to move airports across Canada into local hands. Generally airports across Canada have gone into the hands of local airport authorities. The ones they have tried so far have met with some excellent results.

Pearson airport was a different case. The former Tory government was determined to privatize Pearson for the benefit of a number of its friends, among them David Matthews, a former Tory president and fund raiser and former Tory cabinet minister. Otto Jelinek joined Paxport, which is Matthews owned, shortly before the election. He is on its board of directors and president of its Asian wing. Excessive amounts of lobbying went into the privatization of Pearson airport. At least 10 firms were involved.

(1145)

One of the clearest parts of this whole deal is the fact that the Liberals are heavily involved. Since the Liberal government has been in power it has appointed a former provincial Liberal cabinet minister to lead the review and the Prime Minister's former law partner to lead the negotiations for compensation.

These may be very capable and honest people. However the circumstances dictated that direct political connections should have been avoided. A suspicious and secret deal by the Tories now looks very much like a suspicious and secret Liberal cancellation.

**Mr. Keyes:** Madam Speaker, I rise on a point of order. I am curious to what extent the Chair will go to allow the remarks of the member to potentially put into disrepute those individuals of whom the member speaks, especially in light of the result of the report of Mr. Nixon.

**The Acting Speaker (Mrs. Maheu):** I am sorry but that is a point of debate rather than a point of order.

**Mr. Harper (Simcoe Centre):** Madam Speaker, actually the history going back to 1987 was when the Parliament of Canada passed the National Transportation Act which set the stage for a newly deregulated Canadian airline industry.

On April 8, 1987 the Government of Canada issued its policy on the future framework for the management of airports in Canada. It envisioned local airport authorities as the preferred method of airport management. Privatization was only given passing mention.

Three months later we had a reversal. On June 22, 1987 the Airport Development Corporation was the preferred developer to construct and operate terminal 3 at Pearson. The Matthews Group of companies sponsored an unsuccessful bid in this competition. However it will reappear.

In September 1989 the Matthews Group submitted an unsolicited proposal to the Government of Canada to privatize terminals 1 and 2 at Pearson. This proposal was not accepted. However no costs were expected at that time.

In October 1990 the government announced that private sector participation in the modernization of these two terminals would be sought through a future request for proposals process. No details were provided. As a matter of fact attempts by local airport authorities were rebuffed or rejected. They were not even encouraged to bid in spite of the success of airport authorities in Vancouver, Edmonton and Calgary.

On March 11, 1992 the government issued a request for proposals with 90 days provided for responses, placing heavy demands on those submitting a proposal. This gave the Matthews Group an advantage since it had previously submitted a bid in 1989. Two groups bid on the project: Paxport controlled by the Matthews Group and Claridge.

It must be noted that 90 days is a very short time to allow for proposals on a project of this magnitude. Another thing worth noting is that this was a one stage process. When T3 was considered it was a two-stage process, the first stage being to solicit and short list bidders and the second stage being to encourage detailed bids. This was not the case when we were looking at T1 and T2.

Another interesting aspect was that passenger volumes were open to projections by the bidders. A significant amount of information and coming up with a price was left open to those who were going to be bidding.

At that time there were many firms looking for work and yet so few were given the opportunity to bid on this project.

(1150)

In December 1992 Paxport Incorporated was announced as the best overall proposal. It had to demonstrate its viability by February 1993. By that time Paxport found it did not have the financial backing it needed so it turned to Claridge for support.

The question here is how could a project of this magnitude proceed without financial ability as a prime consideration. Having discovered that it did not have the financial ability, the

questions arise: Why Claridge? Was no other option available to Paxport?

In February 1993 Paxport and Claridge announced a joint venture partnership which became T1 T2 Limited Partnership and eventually the Pearson Development Corporation with terminal 3 to pursue the redevelopment according to Paxport's proposal.

The request for the proposal implicitly said that there must be competition between T1 T2 and terminal 3. As a matter of fact Paxport in its bid highlighted the importance of competition in its bid. However in joining forces the competition that was to be there was eliminated.

In May 1993 Claridge had assumed effective control of the joint venture. Competition is lost and yet Paxport is still there.

In June 1993 the Pearson Development Corporation and the government signed a letter of understanding as to the substance of the previous agreement. Just prior to that a member, Huguette Labelle, a former transport deputy minister, was moved out of her position because of her opposition to the government's movement.

On August 30 the Minister of Transport announced that a general agreement was reached with Pearson Development Corporation to redevelop T1 and T2 and indicated the agreement would be finalized in the fall with a legal agreement for the long term management operation and redevelopment of the terminals. This is with the election only days away. On September 8, 1993 the election was called.

Prior to the conclusion of the legal agreement the Leader of the Opposition, the present Prime Minister, had indicated clearly that parties proceeding to conclude this transaction did so at their own risk and that a new government would not hesitate to pass legislation to block the privatization of terminals 1 and 2 if the transaction was not in the public interest.

At this time the chief negotiator of the Government of Canada sought written instructions about whether to complete the transaction.

On October 7, 1993 the Prime Minister at the time gave written instructions to complete the deal. We were in the middle of an election and those instructions were given. One has to ask the question: Why?

On October 7 the legal agreement was made to complete the Pearson privatization. At this point we were only 18 days away from an election. Knowing it was going to be an election issue, knowing it would be cancelled if it did not prove to be in the public interest, the government proceeded with the undertaking.

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On October 28, 1993 the Prime Minister appointed Robert Nixon, a former Liberal cabinet minister, to do a quick review of the Pearson deal.

There is much that has gone on in the background and, as I said at the beginning, there are many questions that have been raised here. In fact there are questions that are crying out to be answered.

We should take a minute to review some of Mr. Nixon's comments and his opinions in the process. On page 8 of his report he states:

The request for proposals having as it did only a single stage and requiring proponents to engage in project definition as well as proposal submissions and all within a 90 day timeframe created, in my view, an enormous advantage to a proponent that had previously submitted a proposal for privatizing and developing terminals T1 and T2.

[...] With little consideration and development occurring others should have been sought and given reasonable time to participate.

(1155)

The role of lobbyists and political staff, as stated on page 9 of the report, reads:

It is clear that the lobbyists played a prominent role in attempting to effect the decisions that were reached, going far beyond the acceptable concept of consulting. When senior bureaucrats involved in the negotiations for the Government of Canada feel that their actions and decisions are being heavily affected by lobbyists, as occurred here, the role of the latter has, in my view, exceeded permissible norms.

As well, there was the perception that political staff were interested in this transaction to a highly unusual extent; indeed, this climate of pressure resulted in civil servants being reassigned or requesting transfers from the project.

In closing, this was a flawed process that would appear to be killing this project. Mr. Nixon in his review said that the project should indeed proceed. There are five chairpersons and 32 municipalities which support that position.

There is also a safety angle here. Pilots have been stressing this safety factor. I quote from an article in the *Toronto Star* that was reported in response to some airline pilots who attended a committee hearing.

As pilot Rick Anderson noted, "planes are designed to land in the wind. Crosswinds can cause problems, especially on slippery runways. When heavy crosswinds are blowing, a second north-south runway would be safer to use than the existing east-west runways, and cut delays as well. While the value of the latter cannot be underestimated as we pull out of this recession, since planes burn about 1,360 kilograms of fuel an hour while waiting to land, travellers, airlines and environment all would benefit from reduced travel time, fuel costs and air pollution".

There are thousands of construction jobs at stake. The delay in this project is hurting job creating projects around the province, and indeed in Canada. Mike Sifton, president of Toronto Airways, stated that "airports create jobs and business. The real jobs an airport creates are one and a half miles down the road from the runway".

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This review need not and should not hold up construction. Currently some Toronto MPs are delaying this for purely local concerns. Canadian jobs and growth are at stake. Pearson is a national issue, not a local issue, and jobs are at stake in Kitchener, Windsor, North Bay, Kingston, Oshawa and Barrie.

There is much at stake here: honesty and integrity in the system, confidence and trust in politicians, potentially millions of taxpayers' dollars, the names and reputations of many people, Pearson's revitalization, thousands of jobs and future growth in the economy.

Bill C-22 in my view does nothing to address these issues. We will be supporting the Bloc amendment. I would move an amendment to the Bloc amendment. I move:

That the amendment be amended by adding immediately after the words "more open" the words "in Canada".

(1200)

**The Acting Speaker (Mrs. Maheu):** I would like to advise the hon. member for Simcoe Centre that we will take his proposed subamendment under consideration.

For the moment I will resume debate with the hon. Parliamentary Secretary to the Minister of Transport.

**Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport):** Madam Speaker, before I get into the text of my speech I wonder if I could make a couple of observations that are rather striking and troublesome.

We have heard from both the Bloc Quebecois and the Reform Party. They have questioned the way the Pearson deal came about and the substance of the deal. We all agree that the process and the substance were seriously flawed in many ways because the Canadian public interest was not protected. Yet both opposition parties are voting against the bill.

That is rather curious. I must admit I was rather surprised that the leader of the Bloc Quebecois would take the time to address this issue. He talked about a number of things, from lobbyists to other circumstances. He went on ad nauseam about the fact he had left the government before he had anything to do with it. I believe that perhaps he has a guilty conscience.

He is right. He left the government in May 1990, but he was part of that gang, part of his colleagues, part of the cabinet, part of the so-called friends he now wants to deny he ever had anything to do with who put this darned bad deal together. It is rather curious that the Bloc leader would go on at length trying to divorce himself from a bad gang, as Canadians would know it, as he knew it. Yet he participated maybe not in the Pearson deal, but right from the beginning he knew exactly what was going on.

He went on and on. He must have a guilty conscience about the fact that he had anything to do with the gang that operated in Ottawa for nine years.

He then starts talking about the bill being a smoke screen and in fact talks about Pearson being a very important economic instrument and transportation mechanism. What does he ask for? A public inquiry that would probably cost millions and millions of taxpayers' dollars and waste a lot more time. We need to get on with the planning of Pearson. The bill needs to be put in place to effect the cancellation because the former government did not put a cancellation clause in the agreement.

I find it rather curious that the Bloc talks about integrity. It is really talking about wasting a heck of a lot more time so that we cannot get on with the business of deciding what we need to do in the public interest with regard to Pearson.

The comments of the Reform Party were equally absurd. They talked about the flawed process, about the flawed contract. Yet what is it talking about? It is talking about delaying.

The member for Simcoe Centre said that Pearson was an important employment generator. We can put people back to work. Yet he said Reformers could not support the bill until certain other things happen. That is not being fiscally responsible, like the Reform Party likes to pretend it is, at least in the minds of Canadians. I do not really understand where the Reform Party is coming from in terms of delay and timing. We want to do exactly what I thought the member said, and that is get on with planning the future of Pearson and national transportation.

I am pleased to have the opportunity to participate in the debate on this important legislation, Bill C-22. I want to add my support to the Minister of Transport who has brought this legislation forward to cancel the agreements entered into by a previous government for the operations of terminal 1 and terminal 2 at Pearson International. This is a necessary step not only to ensure the future of Pearson but also to restore the faith of Canadians in their democratic institutions.

(1205)

We are not cancelling this deal because it was fashioned by a previous government. To do so simply for partisan reasons would be unjustifiably frivolous. Rather the government has said that we will build on some of the previous government's initiatives when, and I emphasize when, such works serve the interests of the people of Canada. Pearson airport did not serve those interests.

The people of Canada voted in the last election for open and transparent government. The process that led to this deal was neither open nor transparent, nor did it stand up to scrutiny by an impartial observer, Mr. Robert Nixon. As we all remember,

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Mr. Nixon, the former Ontario treasurer, advised the government to reject the deal saying: "To leave in place an inadequate contract, arrived at with such flawed process and under the shadow of possible political manipulation, is unacceptable".

I want to digress perhaps a little for a moment, although it is related. One of our important commitments as a government is to renewing Canada's infrastructure and that includes our transportation system.

As my hon. colleague, the Minister of Transport, said in his speech in February, we intend to help Canadians build a stronger economy. One way to do this is through policies that bring immediate gains in transportation efficiencies. This kind of forward thinking will contribute to long term economic growth by enabling Canadians to do business and move goods quickly and efficiently at competitive costs. Yes, we need to improve our transportation infrastructure but not at the expense of the long term interests of the people of Canada.

To get back to this particular deal, perhaps it would be useful to look at some history, to get some perspective on where things started to come apart. I know that other speakers have already indicated that. On April 8, 1987 the then Government of Canada issued its policy framework for the management of airports in Canada. On June 22, 1987 the government selected the Airport Development Corporation to construct and operate Pearson's terminal 3. I should point out at the same time that the Leader of the Opposition was in the Conservative cabinet.

The Falcon Star Group which included the Matthews Group of companies was an unsuccessful bidder in this competition back on June 22, 1987. In September 1989 the Matthews Group submitted an unsolicited proposal to privatize terminals 1 and 2 but this proposal was not accepted by the then government in September of 1989.

In October 1990 the then Minister of Transport announced the government would privatize terminal 1 and terminal 2 at Pearson. A year and a half later on March 11, 1992 the government issued an RFP for the privatization and redevelopment of terminals 1 and 2. The original RFP provided only 90 days for response, although that was extended, if we can call it that, by an additional 30 days.

It is not as though the construction industry was booming in southern Ontario in those days. Yet no other firms were given reasonable time to participate, so the process was flawed right from the beginning.

On December 7, 1992 the government announced Paxport's proposal was the best overall, but Paxport still had to demonstrate that its proposal was financially viable. When it could not do this it turned to Claridge, its rival for financial support. By February 1, 1993 Paxport had joined forces with the other original bidder in a joint venture partnership which became T1 T2 Limited Partnership.

By May 1993 when most outstanding issues had been dealt with sufficiently for formal negotiations to start, we now find that Claridge, the second place finisher, in effective control of the joint venture.

(1210)

On August 30, 1993 the then Minister of Transport announced that a general agreement had been reached to redevelop and operate the two terminals. Then just nine short or long days later, depending on your perspective, on September 8, 1993 the government called the long awaited election. We all remember that campaign well and we all remember the concerns raised by the public and media about the Pearson deal.

The soon to be Prime Minister warned the parties to the deal not to sign it, that a new government would not hesitate to cancel it if it was not found to be in the public interest.

It should perhaps be noted that the circumstances were such that the government's chief negotiator asked for written instructions about whether to complete the transaction. That chief negotiator got those instructions on October 7, 1993 despite the concerns expressed by many Canadians, the soon to be former Prime Minister issued explicit instructions to conclude the deal. We now know where the push came from. It seems that the Canadian people had some doubts as well and we know how they expressed themselves at the ballot boxes.

What would the Government of Canada have gained by the agreement? Remember the terms of the lease was 37 years with an option for an additional 20 years. This means the government could well have been signing away control of a major national asset for almost three generations.

The agreement also included a constraint on alternative airport development within a 75-kilometre radius of Pearson. How did the previous government suppose this government would serve the people of London and the rest of southern Ontario by this kind of provision in the agreement?

Extensive reviews have shown that the airport facilities in the area of south central Ontario must be co-ordinated. Southern Ontario airports must, for planning purposes, be considered part of a single integrated system. This clause alone would have severely constrained future governments, eliminating many sound planning options. Under the agreement the government could have done nothing to alleviate the pressures of growth at other airports until Pearson topped 33 million passengers a year.

As Mr. Nixon said in what I take to be restrained understatement, the agreement did not serve the public interests.

I know my allotted time is running out, but I cannot leave the matter without some mention of the appearance of cronyism conveyed by this deal. It is this appearance that is so corrosive to public confidence in the government and its institutions. While we are not suggesting that anything illegal was done by any of

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the parties, some of their actions conveyed the impression that they had something to hide.

Everyone knows how much concern was expressed about lobbyists and political staff seeming to have an inordinate influence on decisions that should have been made on the basis of public interest, influencing them so much that senior public servants felt pressured.

We have a long tradition that requires openness and transparency in any undertaking that involves the public purse. Canadians are entitled to disclosure when it comes to a deal affecting their assets.

I am afraid there is much more, but time does not permit me to examine the rest of it. What is also important now is that it is time to move forward. The government understands that the people of Ontario, in fact all Canadians affected by Pearson's operations, would like a prompt decision on how we are going to manage Pearson. That is one good reason for proceeding with the bill, to cancel the agreement as we must formally through this legislation as quickly as possible. Pearson is too important a national asset to languish while we debate. The Minister of Industry said when he introduced the bill: "We need to get the cancellation over with so we can get on with the job of planning for its future operations".

(1215)

However, as has been clearly stated by the Minister of Transport, we will not be put in the untenable position of cobbling together a solution. Pearson is too important and we are too much aware of our responsibility to Canadians to rush simply for the sake of doing something, anything, as some members opposite seem to want us to do without proper care for the long term effects of our decision.

The fact of the matter is that the decisions we take at Pearson do not just affect that single airport. That is why we are consulting with a great many people. Yes, we are consulting with our Toronto members of Parliament. They were elected and are the rightful voice of their constituents in Parliament, in our caucus and in our government. We will consult with provincial, municipal and regional governments and local community leaders. We are doing that and the minister is doing that. We intend to do it right, not like the previous government has done.

In fact, as some of our other counterparts have indicated in the debate this morning, Pearson is not a local airport. It is a national airport and we are seeking national consultation.

The fact that our party is a national party with representatives from all parts of this country is a positive for us, not a negative. I cannot say that about the Bloc which only has members in one

province nor the Reform Party which has members in only two or three provinces. We are a national party with national representation. We will consult with our national caucuses as to what to do about our national airport.

The government intends to make a final decision on Pearson's administrative structure before the end of this year. It is now time to close the book on this sorry chapter and move forward with planning for the future of Canada's transportation hub. Passing the legislation will allow us to plan the future of Pearson unencumbered by these flawed agreements.

No one should be surprised by anything in the legislation. It is nothing more than what we said we would do before the election, after the election, and when we introduced the legislation.

We will negotiate only for out of pocket expenses. We will not negotiate for lost profits and we will not negotiate for lobbyist fees. We are doing what the Bloc has indicated we should not; we are doing what the Reform has indicated we should not, which is to negotiate lobbyist fees. We will not pay for lobbyist fees. We will not pay for lost profit. We will pay for out of pocket expenses.

The legislation does not limit the amount of any potential payment nor does it preclude any continued negotiations because negotiations must continue. It does make clear to all the parties what the government is and is not prepared to consider. It makes it clear that these negotiations cannot go on indefinitely.

We are not saying that lobbyists should not be paid. We are saying these parties should take up the matter with the people who employed them, the developers, and not the taxpayers of the country.

I would like to close with this reminder. The most important asset a government can have is the confidence of its citizens. During the nine years of the previous government—and I was happy to hear the history lesson from the leader of the Bloc Quebecois because he participated in part of those nine years in that government—we saw a steady erosion of confidence in the public sector.

This erosion had many causes, from the behaviour of certain elected politicians to an arrogant style of political leadership. One of the key causes of this erosion was the practice of conducting public business behind closed doors giving the idea of favouritism.

Canadians deserve better. The government intends to do better by delivering to Canadians the leadership and the innovation demanded by today's changes backed by integrity and supported by principles that will never be sacrificed to expediency.

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(1220)

We look forward to working with both parties at committee to improve the legislation, if we can. We need to get on with the business of planning Pearson's future. We cannot unless we pass the legislation. I look forward to the comments of members from both sides.

**The Acting Speaker (Mrs. Maheu):** Prior to going to the questions and comments section, the subamendment as proposed by the hon. member for Simcoe Centre is procedurally acceptable, as long as he is asking that we insert the words "in Canada" after the word "lobbyist". Is that correct?

**Mr. Harper (Simcoe Centre):** That is correct, Madam Speaker.

**Mr. John Harvard (Winnipeg St. James):** Madam Speaker, I would like to place a couple of comments on the record before putting a question to the hon. parliamentary secretary.

Bill C-22 is reasonable, prudent and protects the Canadian taxpayers. After all, the developers behind the Pearson deal were warned. The Liberal Party stated long before the 1993 election that it smelled something rotten in this deal. We put it on record that we would take this action if we found there was something rotten about the deal. The Nixon report confirmed that and now we have Bill C-22. It is the only course of action to take.

Leading up to my question I am glad the government is taking this action. It indicates to me that the government is committed to transparency and accountability.

The House probably already knows that airport authorities are being proposed for other centres in Canada, including my home city of Winnipeg. The hold-over model proposed by the former government for the proposed airport authority in Winnipeg is flawed.

In my opinion the accountability under the plan proposed by the Conservative government is weak. Transparency is not there. For example there is no provision for the public tendering process. The conflict of interest guidelines are a joke and representation can certainly be improved.

If we are going to go ahead with establishing airport authorities, be it one to replace the Pearson deal in Toronto or to replace other Transport Canada management at other centres in the country, let us get it right. Let us get it down so we do have public accountability, transparency and so on.

Perhaps the hon. parliamentary secretary could answer my questions. Are we going to establish further airport authorities of the kind proposed in Winnipeg, not for profit but still an airport authority, a kind of privatization? When these airport authorities are established will public accountability be the top priority?

I do not want private clubs operating airports. I want bodies that operate airports in the public interest and have public accountability at the top of the list.

**Mr. Fontana:** Madam Speaker, I appreciate the comments made by my colleague from Winnipeg St. James. He has touched on a number of important issues with regard to local airport authorities. He is absolutely right that we want to get it right, that we want to do it right.

The government has learned from mistakes made by others. The Minister of Transport and Transport Canada are looking at ways of fixing those flaws the member talked about with regard to local airport authorities. There are tremendous opportunities.

(1225)

The minister sees it that way. Transport Canada sees it that way. Local communities can play a positive, constructive and proactive role in running airports to be the economic instruments they can be, but not to the detriment of public interest. We are defining what that public interest is in terms of safety and other matters.

The member is right on. We intend to make sure the local airport authority provisions are enhanced to make them much more accountable, much more transparent. We intend to ensure there is broad representation on those boards, to ensure the bottom line is that the interests of the community are always at the top of the heap so to speak.

I thank the hon. member for his constructive suggestions. We hope to have those revisions in place as soon as possible. As the member has indicated a number of communities are looking at opportunities.

As the Reform Party keeps reminding us, the government wants to be as effective and as efficient as it possibly can to save taxpayers money. If the local airport authorities can do the job well and protect the public interests as well as further their own local objectives, why not? The government is prepared to look at that.

*[Translation]*

**Mr. Michel Guimond (Beauport—Montmorency—Orléans):** I detect some contradiction in the words of the Parliamentary Secretary to the Minister of Transport, and I will explain why.

It seems to me that the parliamentary secretary is speaking from both sides of the mouth, not at the same time, of course, but I will explain myself.

On March 10, the Minister of Transport, in response to the Budget Speech of the Minister of Finance, said in several places—I do not have the *Hansard* with me, but I studied his speech very well—that several activities currently conducted by Transport Canada would have to be sold and privatized.

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I would like the parliamentary secretary to indicate to me whether there is not a contradiction in what he was saying earlier about the fact that the Pearson airport should continue to be part of the public heritage.

[English]

**Mr. Fontana:** Madam Speaker, I appreciate the comment and question by my colleague the transport critic for the Bloc.

The minister and the government have indicated that Transport Canada and our government want to look at commercialization opportunities. Commercialization does not necessarily mean the same as turning over or privatizing so that the private interest is protected and the public interest is not.

The member will know we have already announced some measures such as the air navigation system. We will be consulting all the stakeholders to find out if there is a better way of controlling our air navigation system to make sure that safety is paramount, that all the stakeholders have input into the system, and at the same time save the taxpayers some money.

I do not have to tell the member why we need to look at opportunities for saving money. We have a deficit and a debt to deal with. The taxpayers also demand that this government look at every opportunity to make sure we are as efficient and as effective as possible, but not to give up the public interest.

We are not in any position to make an announcement as to how we will deal with Pearson. That announcement will come as the minister indicated and as I indicated in my speech. By the end of the year we will put forward our plan of action for Pearson, not only the administrative structure but also the plans we have for its future. We are consulting.

It is not inconsistent nor is it talking out of both sides of the mouth to say that the deal structured by the former government was a bad deal. It was badly structured. It was a bad process, repugnant to taxpayers. The detail and substance of the deal were bad and not in good public interest.

(1230)

We do not intend to make the same mistakes. We have learned from other people's mistakes, hopefully. We will put together a plan for Pearson, other airports, other modes of transportation, be it the seaway, be it rail, be it marine, be it highways, to work in co-operation with all the stakeholders, the provinces, municipalities, communities, anyone we have to, to make sure that Canada has the most effective, efficient, integrated transportation system to serve Canadians.

At the end of the day Canadians have to compete with the Americans, with the Mexicans, with the global community. Unless we can move goods and people as efficiently as we possibly can and at the best costs we cannot compete. If we

cannot compete we do not have jobs and if we do not have jobs we have economic and social problems.

I would hope that commercialization is not a bad word. It is an opportunity that the government wants to look at to see how much more efficient and effective we can be in all modes of transportation.

[Translation]

**Mr. Michel Guimond (Beauport—Montmorency—Orléans):** Madam Speaker, you will understand that, as transport critic for the Official Opposition, I am extremely interested in Bill C-22 which was presented at first reading on April 13, 1993. I also carefully reviewed the report Mr. Robert Nixon submitted to the hon. Prime Minister on November 29, 1993.

I did not waste any time in studying the contract signed on October 7, 1993 by the Government of Canada and T1 T2 Limited Partnership. I also asked certain employee associations for their opinion and consulted with some airport managers. I will not violate any official secrets by saying that, after these consultations and all that reading, I agree with the amendment proposed by the Leader of the Opposition and ask this House to authorize a Royal Commission to hold an inquiry on the circumstances surrounding the deal entered into by the government and T1 T2 Limited Partnership.

In its present form, Bill C-22 contains a dozen clauses. We agree with some of them but cannot support the wording of subsection 10(1), and I quote:

If the Minister considers it appropriate to do so, the Minister may, with the approval of the Governor in Council, enter into agreement on behalf of Her Majesty to provide for the payment of such amounts as the Minister considers appropriate in connection with the coming into force of this Act, subject to the terms and conditions the Minister considers appropriate.

During the election campaign, the leader of the Liberal Party of Canada, the present Prime Minister, made it very clear to the parties involved that he would have no qualms about cancelling the deal after he was elected. Following this statement, the chief negotiator for the former government requested written instructions on whether to complete the transaction. The then Conservative Prime Minister specifically requested that the agreement be signed that very day. However, concluding a transaction of this magnitude in the midst of an election campaign, effectively tying the newly elected government to the previous government's policies, flies in the face of normal democratic practices.

We must admit that the new Liberal Prime Minister, who was elected last October 27, wasted no time in dealing with the situation, announcing on December 3, 1993 the cancellation of the Pearson Airport privatization deal. Unfortunately, he probably soon realized that some of the people involved in that deal belonged to his party. It is probably why, on April 13, 1994, his government presented a bill to finalize the cancellation while reserving the right, under subsection 10(1), to enter into

agreements on behalf of Her Majesty to provide for the payment of such amounts he himself considers appropriate.

You will understand that to exclude Parliament from such an important decision and to give a blank cheque to Cabinet, especially the minister of Transport, is unacceptable.

(1235)

During the last campaign, our party mentioned that the Liberals and the Tories were so similar that they were like two peas in a pod or "blanc bonnet, bonnet blanc", as we say in Beauport and on Île d'Orléans. This bill confirms it.

It is unacceptable for payment of compensation to be authorized without even being sure such compensation is warranted. When examining all the documents, and particularly the lengthy Nixon report, I wonder if there was any wrongdoing in that operation and I am very concerned about the answer.

After the royal commission of inquiry has made its review, after its decision and recommendations, maybe we will come to the conclusion that it is rather T1 T2 Limited Partnership that should pay compensation to the Canadian government. If however the royal commission concludes that there is compensation to be paid, Parliament will still be in a position to make a fair and enlightened decision.

I mentioned that we were not in agreement with section 10(1), but I would like to add that there should be another section in the bill saying who should manage Pearson International Airport. We all know that Transport Canada still operates the airport, but we would have liked to see this bill determine clearly that the Toronto airport should be under the management of a non-profit organisation just like the Montreal, Calgary, Vancouver and Edmonton airports.

In these cases, management is a group of people from the local community so they are quite capable of defending the interests of those they represent. Let me just give as an example Aéroports de Montréal, the corporation that operates the two Montreal airports; the members of its board come from the business community and are also board members of the SOPRAM, the corporation responsible for the promotion of Montreal airports.

The eighth member is the president and chief executive officer of Aéroports de Montréal, ADM if you will. It is also interesting to note that SOPRAM is a non-profit organization comprising 21 members appointed by the following organisations: the City of Montreal, the City of Laval, the Conférence des maires de banlieue, the Chambre de commerce du Montréal métropolitain, the Board of Trade of Metropolitan Montreal, the Corporation de promotion de l'aéroport de Mirabel (COPAM), the Société montréalaise de développement (SMD) and the city of Longueuil.

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This kind of representation means that the corporation is sensitive to local interests and has a perspective rooted into the business community. This is a prerequisite that we would have liked to see in Bill C-22. I would like to come back to the royal commission we are requesting. Why should we have a commission of inquiry? There are several reasons.

The first would be to determine why, on March 11, 1992, the government asked formally for proposals regarding the privatization of Terminals 1 and 2 of Pearson Airport. There would be only one phase and no prequalification, contrary to the process for Terminal 3, which was to be in two phases.

The second reason is that, looking at the Nixon report, we note that the call for tenders left only a very short time, 90 days, which meant that only groups closely connected with the operation of the airport, like Claridge and Paxport, could possibly submit a valid tender. This explains why only two tenders were received. Paxport had already submitted a privatization plan in 1989, but had had to withdraw, and Claridge was operating Terminal 3.

The third reason is to determine why the contract was signed on October 7, 1993, during the election campaign, and despite the fact that the very hesitant chief negotiator had asked for written instructions before signing the deal.

The fourth reason is to determine what role did the lobbyists played and whom they lobbied. The fifth one, to determine the cost to the public of this hasty decision, and who really benefited from it. The sixth one, to establish why the Conservative government sought to privatize Pearson Airport, the most profitable in Canada. The seventh reason, to find out why the government allowed T1 T2 Limited Partnership a rate of return of 24 per cent before taxes and 14 per cent after taxes.

(1240)

The eighth reason is to see why the Nixon Report recommends that no compensation be paid for lost business opportunities and lobbying costs. Have the commissioners uncovered even more irregularities than we know of?

The ninth reason is to determine the role of certain stakeholders closely linked either to the Conservative Party or to the Liberal Party of Canada.

The tenth reason is the answer to the following question: Why did the government not include in Bill C-22 a clause allowing it to transfer the Pearson Airport administration to a non-profit organization?

These are some of the reasons why a royal commission of inquiry is needed to arrive at a well advised decision. It is also important that the commission clearly indicate the impact of lobbyists in this case. It must examine the costs to the taxpayers,



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the impact on jobs in the Metro Toronto area, and especially, the impact on transportation in Canada.

I will be focusing in particular on the repercussions of this transaction on Canadian transportation. My colleagues will discuss not only the impact on public finances and on jobs in the Metro Toronto area, but also the role of lobbyists in this affair.

Airports, along with aircraft and human resources, are the mainstay of the air transport industry. Airport facilities allow you to increase the number of destinations, accommodate various types of aircraft and provide different kinds of services.

Air transportation has a great influence on the overall economy of a region. An airport is the point of arrival for foreign investors and the point of departure for local human and non-human resources. For the region where it is located as well as for the destinations it is linked with, an airport is considered a significant economic lever.

According to a study conducted by the École des hautes études commerciales of Montreal in the late 1980s, the contribution of Montreal airports to the Gross Domestic Product in terms of value added in 1992 was expected to be \$1.3 billion in direct effects only and \$2.2 billion in both direct and indirect effects.

To show just how airport facilities can influence regional development, let me quote from an IATA report issued in December 1991. In Toronto, the addition of a runway would mean \$3.5 billion more in revenues for the region over the next 15 years and \$9 billion more for the province. The impact on the employment situation would be significant: locally, the addition of the runway would create 3,300 new jobs every year and 3,700 jobs throughout Ontario, which comes to over 7,000 new jobs for Ontario.

Also, in its October 1992 issue, the magazine *L'Actualité* reported that the number and frequency of air transport communications between major cities is the fifth criterion used by potential investors.

The air transport industry depends directly on airport facilities. Carriers are the primary clients of airports and it is thanks to the serviceability of airport facilities that airlines can develop and generate by their activities considerable revenues for the community.

The main cause of these decreases is quite clear. In the mid 1960s, projections for future passenger and cargo traffic led authorities to plan the building of a second airport in Montreal, that is Mirabel. According to the projections made in 1967 for the 1980s, we were to expect 14 million passengers and 2,020,000 tons of cargo by 1985.

Also in the mid 1960s, we anticipated a 15 per cent growth rate for passenger traffic in the Montreal area, that is approximately 10,600,000 passengers for 1975, the year Mirabel was going to be inaugurated.

Lastly, Mirabel was to be the sole gateway in Canada for all transatlantic flights and, eventually, for all international flights other than transborder flights.

(1245)

Things did not turn out that way. In 1985, the combined passenger traffic for Dorval and Mirabel was 7 million passengers, that is half of what was initially projected. In 1985, the combined cargo traffic for Dorval and Mirabel was approximately 105,000 tons, which is less than what Dorval handled alone in 1975. This cargo is 5 per cent of what was projected in 1967.

In the years following the inauguration of Mirabel Airport, Montreal lost the preferential status that it had been promised. Mirabel is no longer the only gateway in Canada and more and more airlines are authorized to offer direct flights from other Canadian airports to foreign destinations.

Between 1966 and 1975, passenger traffic in Montreal grew by about 9.9 per cent, which is 5 per cent less than expected. However, the growth rate did not remain steady after 1975. Between 1975 and 1984, passenger traffic grew by only 2.24 per cent, which represents an annual growth rate of less than one quarter of one per cent. So, the growth rate at both Montreal airports was about 10 per cent of the Canadian growth rate during the same period.

Between 1975 and 1984, increases in passenger traffic occurred mainly in Toronto, Vancouver, Calgary, Edmonton, Ottawa and Halifax. Montreal accounted for only 1.86 per cent of the overall growth in traffic in Canada during this nine-year period. Also, during the last ten years, that is from 1981 to 1991, the growth rate of passenger traffic in Montreal was minimal compared to the 44.55 per cent rate recorded in Toronto.

In 1981, Dorval and Mirabel handled 7.5 million passengers a year, whereas Toronto handled 14.7 million. The slow growth of airport activity in Montreal since the early 70s is especially notable compared to what happened in Toronto over the same period. Statistical data are a proven measure of airport activity.

Therefore, one can imagine that the negative impact of this shift in economic activity from Montreal to Toronto has played a major role in the erosion of Air Canada's pilot base in Montreal in favour of Ontario's capital. For example, in 1979, Air Canada had 461 pilots based in Montreal and 451 in Toronto, a difference of 10 in favour of Montreal. Some 13 years later, in 1992, Air Canada had 301 pilots based in Montreal and 781 in Toronto, a difference of 480 in favour of Toronto. Over a 13-year period, Montreal lost 160 pilots whereas Toronto gained 480 pilots. This

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about-turn is due mainly to the fact that Montreal has lost its privileged status with regard to direct flights to Europe, which allowed a shift in economic activity from Montreal to Toronto.

In closing, I would like to quote the words of Mr. Tory Hine, financial analyst for Scotia McLeod, as reported by the magazine *Wings*, vol. 5, in the fall of 1992.

[*English*]

“We have an airline industry concentrated on a single hub, Pearson International in Toronto, with secondary hubs in Vancouver, the Pacific gateway and Montreal. The position and dominance of the Toronto hub is the single asset of Canada’s industry. The potential for Toronto to be the North American scale hub is important for the jobs and revenue which would be created in the Toronto area, but it also provides an important link which enables Canada to participate fully in both the Canada—U.S. and North American free trade agreements. The split of Montreal’s two airports between international services at Mirabel and domestic and transborder services at Dorval means that the two airports are relegated to serving primarily the local market. Montreal as a result has not emerged as a full hub”.

[*Translation*]

Again, if Montreal could have maintained the status it enjoyed in the seventies, it would not have to limit itself to serving local routes.

(1250)

In conclusion, the Montreal airports authority manages Montreal’s two airports very well. Business people and airport people are talking to each other and the best solution will soon be found. Hopefully, the Montreal airports authority will try to convince airlines to have their inspection and maintenance work done in a place where air traffic is already heavy. This would have a major impact on employment at the Air Canada technical maintenance centre in Montreal, where close to 3,500 people work and which is known around the world for its excellence and expertise.

My party does not intend to take the place of local people when it comes to deciding whether there should be one or two airports in Montreal. We are convinced that they are able to make the right decisions.

The government will soon have important decisions to make concerning Pearson Airport, and I am not talking about compensation, but about its future and administration. Before making decisions that could result in one area of the country being more prosperous than another, would it not be a good idea to review the whole Canadian airport system, to discuss with business people and specialized agencies, and to involve the provincial governments so that all regions, and not only one, can prosper?

[*English*]

**Mr. Barry Campbell (St. Paul’s):** Madam Speaker, I rise in support of Bill C-22, an act respecting certain agreements concerning the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson International Airport.

This is the bill to cancel the agreements made by the previous government for the operation of terminals 1 and 2 at Pearson airport. As my colleague, the member for London East, made clear a few moments ago, it is time we close the book on this ill-conceived project so that we can get on with the important work of planning Pearson’s future.

I support the bill for a number of reasons because it puts an end to agreements contrary to the public interest reached through what have been described charitably as a flawed process. The legislation enables the government to get on with planning the future of Pearson airport and air transportation and that future is too important to be tied up in procedural knots.

Most of all, the bill should be supported because it clears the decks for the serious work of rebuilding Canada’s transportation system, including our air transportation network which has Pearson as its hub.

One of the government’s first priorities is to secure Canada’s economic future, a task in which transportation plays a key role. There is no question that the cost of moving goods and people is a major factor in our nation’s economic health. For Canada it is a daily challenge.

The growth and prosperity of the country have always depended on transportation. This was true before Confederation and it is true today. It is even truer today; a fast, reliable, low cost transportation system is vital to Canada’s prosperity. It is the life support system of the country’s exports and a critical factor in our competitiveness. It is transportation which keeps us together as a nation.

Air travel plays a particularly important role in binding the country together. It is how we travel when we go home for the holidays, when we take a vacation, when we seek out new business. Pearson is the hub of air transportation in Canada, our largest airport, one of North America’s busiest gateways. One-third of all air travellers in Canada pass through Lester B. Pearson International Airport. Twenty-one million people passing through on their way to visit friends and family make business connections or even take their first steps on Canadian soil.

As Mr. Nixon said in his report to the Prime Minister, Pearson is a critical national gateway and a hub service to travellers, families and shippers. It cannot be duplicated by any other facility in the area, indeed in the province or in the country.

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However Pearson is more than a transportation hub. It is also an economic generator for southern Ontario. The airport generates employment for 57,000 people directly and indirectly, including 14,000 people who work on site, and these jobs generate almost \$2 billion a year in personal income. Add to that the almost \$4 billion a year in direct revenue for local businesses and tourism and the \$633 million in taxes from airport activity that go to various governmental jurisdictions. That gives us some idea of the airport's economic contribution to southern Ontario, the greater Toronto area, and all of Canada.

(1255)

When we consider its economic and social importance to the region, the provinces and the country we see that Pearson is far more than a transportation facility. It is one of the most important public assets in our economy, an airport which serves the entire region, Ontario and all of Canada.

It is incredible to me that the previous government would have planned to sign away this vital asset in the heat of an election campaign without financial prequalification and constraining airport development in the entire region.

As Mr. Nixon concluded, this was an inadequate contract, arrived at in a flawed process and under the shadow of possible political manipulation. This deal was contrary to public good.

Being against the Pearson deal is not the same as being against renewal of our transportation system; far from it. As the Minister of Transport said in his response to the budget, the government is fully committed to helping Canadians build a stronger economy. An essential part of this effort is renewing Canada's infrastructure and that includes our transportation system. This renewal will contribute to long term economic growth by enabling Canadians to transact their business and move their goods quickly, efficiently and at competitive cost.

The government is committed to improving transportation effectiveness, but we must avoid simplified solutions that stem from a political agenda rather than clear eyed planning. We must avoid sacrificing the interests of the nation as a whole to serve a narrow, ideologically based vision.

That is why the government is developing a national transportation policy, a framework to allow us to retool our facilities and services to meet current and future needs.

To meet these needs we need to develop an integrated transportation system. To get maximum benefits from transportation we have to focus on the entire system, not on its parts, its many parts. The transition may be difficult, especially for aspects or facets of our struggling transportation industry but it must be done.

We must also encourage and stimulate competition. Government can do this by providing the regulatory framework, incentives, and infrastructure the private sector needs to deliver transportation services competitively and safely.

The government intends to pursue a pragmatic mix of modal integration, innovation and realism. Transport Canada is reviewing all its policies and programs. This review is intended to address the challenges and pressures facing Canada's transportation sector through a comprehensive, coherent strategy of reform.

Being against the flawed Pearson deal does not mean being against private sector participation in what were once viewed as traditional government activities.

The government does not believe that it has to own and operate a system in order to achieve its public policy goals, but government does have a role to play as a facilitator, as a catalyst, setting goals, providing direction, monitoring performance, making sure the job gets done fairly and effectively.

Yes, the federal government has a responsibility to ensure that Canada has the national transportation system it needs and we intend to live up to that responsibility. We see no reason why the private sector should not be invited to do what it does best. The government believes that commercialisation is an attractive option, one that brings business discipline to the provision of services that have traditionally been delivered by government.

However commercialisation does not necessarily mean outright privatization. It can take many forms, ranging from the contracting out of services, public-private partnerships, non-profit entities, special operating agencies, crown corporations.

Regardless of what form it takes, what is essential is a business like approach to the provision of services, an approach that is more efficient, more responsive and less dependent on the Canadian taxpayer.

This will result in better capital planning, access to private financing, faster approval, easier introduction of new technologies and more user and client input. For example, the government sees great potential for commercializing the air navigation system. The International Civil Aviation Organization cites a clear trend toward the establishment of autonomous authorities to own and operate AMS facilities around the world.

Commercialization in these and many other areas of government activity can bring major savings to taxpayers and better service to clients. Any move to commercialization must always maintain Canada's high transportation standards. Cancelling this deal is not an attack on the private sector. It is an attack on what is a flawed, suspect deal contrary to the public interest.

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(1300)

Our action in regard to this transaction does not rule out future involvement by the private sector in some of the activities now undertaken by government. We will look at every opportunity to collaborate with the private sector to provide transportation services to Canadians.

The private sector has a role to play in airport operations. Non-profit private sector management groups now have responsibility for five of Canada's major airports. We must take the necessary action to terminate the ill-conceived terminals 1 and 2 deal and allow the government to move forward with its plans for Pearson.

Under the proposed legislation the government may make a payment to developers, but this will not include lost profits or any fees paid for lobbying. The Minister of Industry said when he introduced the bill: "We publicly asked the previous government and the company not to conclude this highly controversial deal during the election campaign. They chose to proceed anyway".

The legislation does not stop or hinder any negotiations or compensation. It simply sets the necessary limit on how long this process should go on, how long negotiations might block resolution of this matter.

The government prefers a negotiated settlement. However once this legislation is passed and proclaimed the government and the developers will have 30 days to come to an agreement. After that there will be no further discussion and no additional compensation. After all, the government has been negotiating with Pearson Development Corporation on behalf of T1 T2 Limited Partnership since last December when the Prime Minister announced that the government would cancel the agreements.

I remind the House that the legislation is required to finalize the cancellation of this contract because the original agreement negotiated by the previous government did not include a cancellation clause.

The transport minister has said decisions affecting airport expansion projects are linked directly to decisions on the airport's management structure. These decisions cannot be made as long as the previous agreements are in place. That means nothing can move forward until we have cancelled this agreement which should not have been made in the first place. Our decisions with respect to Pearson can no longer be held hostage to those agreements.

One result would be that there would be no new construction this year on terminal 1 and terminal 2 development or runway expansion projects at Pearson. I am sure we would all agree that it is in the best interest of the people of southern Ontario and the country in general to move as quickly as possible to develop a new administrative structure for the airport so that we can move

ahead in making the critical decisions to maintain Pearson as a vital economic asset for the entire country.

The time to act is now. We can no longer allow this to proceed. The passage of the legislation will allow the development of Canada's air transportation hub to proceed in the public interest unhindered by yesterday's mistakes. We must proceed now.

**Mr. Ted White (North Vancouver):** Mr. Speaker, what a strange situation we find ourselves in today, debating whether or not to pass a bill which might control the amount of compensation which can be paid as a result of the cancellation of the Pearson airport privatization deal.

Under normal commercial circumstances in the private sector cancellation of a contract usually means a negotiated or litigated settlement which takes into account the lost opportunities and the lost profits.

Admittedly these private sector negotiations can sometimes take years to complete. It is often only the lawyers who make money out of the whole exercise. However an entity in the private sector does not have the luxury of legislating itself to be exempt from the obligation to compensate another party when it breaks an agreement.

(1305)

Generally speaking there is something unattractive in the idea that a government can do what the private enterprise cannot do by exempting itself from the need to compensate a group and to also exempt itself from the ability of someone to start litigation against it.

I must admit I feel somewhat uncomfortable about the reality of the bill, the fact that the government could introduce such a bill to protect itself. I know this Liberal government has a large proportion of lawyers in its ranks whereas within the Reform caucus we only have one lawyer.

Perhaps it is this abundance of lawyers in the Liberal Party that has driven the introduction of the bill. Perhaps they are celebrating what must be every lawyer's dream, the ability to control the outcome of a case. Why would one need a judge and jury when one can simply legislate the outcome of the event with no recourse?

I admit feeling somewhat uncomfortable about this situation although I also admit that the circumstances in this situation are rather unique. It was August 1993 when the then Minister of Transport announced that a general agreement had been reached with the Pearson Development Corporation to redevelop terminals 1 and 2.

The minister indicated that the agreement would be finalized in the fall with a legal document for the long term management operation and redevelopment of the terminals. What an impressive list of players there were involved. Included were Donald Matthew, a former Tory president and fundraiser; Otto Jelinek, a former Tory cabinet minister; Bill Neville, formerly a Tory chief of staff and part of the transition team for the previous Prime Minister. There was a Quebec multimillionaire, Charles

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Bronfman. There were also some well known Liberals, a certain senator, Herb Metcalfe, and Bob Wright, a Liberal fundraiser.

It is the involvement of these high profile Liberals that caused me to use the word might in my opening sentence when I said the bill might control the amount of compensation. Could it be that clause 10 of the bill will allow the Minister of Transport to look after Liberal friends while shutting others out?

The portion of the bill in question reads: "If the minister considers it appropriate to do so, the minister may with the approval of the Governor in Council enter into agreements on behalf of Her Majesty to provide for the payment of such amounts as the minister considers appropriate".

The question I have is whether appropriate compensation for a Liberal supporter will be different from appropriate compensation for someone else. One wonders aloud. Despite all this, there is one aspect to the circumstances surrounding the signing and subsequent cancellation of the Pearson deal that provides a powerful argument for supporting Bill C-22.

It comes from the natural sense of justice that a person feels when having warned someone that there will be consequences of an action, that person defies the warning, goes ahead with the action and subsequently does indeed suffer the consequences.

Just nine days after the Pearson agreement announcement of August 30, 1993, the previous Prime Minister called the election. Prior to the conclusion of the legal agreement on Pearson, the then Leader of the Opposition, now Prime Minister, clearly stated that parties taking part in the agreement did so at their own risk because a Liberal government would not hesitate to pass legislation to block the privatization of terminals 1 and 2 if the transaction was not in the private interest.

The chief negotiator for the government at the time took the statement so seriously that he asked for written instructions about whether to complete the transaction. On October 7, 1993 in the final days of her government, the previous Prime Minister gave her written instructions to complete the deal and the same day the agreement was made.

Subsequent events, starting October 28, 1993 with the appointment of Robert Nixon to review the deal, have resulted in its cancellation. Although the idea that a government can exempt itself from responsibility for compensation bothers me, on balance I would tend to support the bill because all parties to the agreement were clearly warned of the consequences. Perhaps some of them even believed that the deal would be cancelled but took a gamble that compensation would be paid in the normal manner after cancellation. Quite a gamble.

(1310)

I doubt that any party to the agreement could claim that there was not an awareness of the stand of the present Prime Minister on the issue when he was in opposition back in October 1993. There was plenty of publicity and plenty of reason to believe that the deal would indeed be cancelled if the Liberals took power. At the time the polls certainly showed that to be a possibility.

Incidentally I have often wondered why those same pollsters who so confidently predicted a win for the Liberals never realized that Reform would get 52 seats. I wonder whether they really knew and suppressed the information or whether they did not conduct a reasonable poll.

I will continue to listen to the debate on Bill C-22 and will continue to take input from my constituents who have been writing me letters and making occasional phone calls on the issue. I would urge all other members to do the same: listen to the debate and receive input from their constituents before they make the final decision on whether to support Bill C-22.

**Mr. Paul Szabo (Mississauga South):** Mr. Speaker, I am honoured to rise to speak in favour of Bill C-22. I will start by identifying what we are talking about, specifically looking at Toronto area airport issues.

Pearson International Airport is Canada's premier airport. Thirty per cent of all air passengers in Canada go through Pearson; 20 million passengers in 1992. It is among the top 30 airports internationally, the third largest gateway to North America after JFK airport and the Miami airport. It is a critical hub for many smaller cities in Ontario and indeed Canada.

It has 15,000 employees on site. It creates 56,000 jobs in Ontario and accounts for over \$4 billion of annual economic activity. That is the reason why the Pearson airport issue is so important.

We have before us Bill C-22 to deal specifically with matters pertaining to Pearson. I would like to give some background events leading up to the legal agreements which Bill C-22 deals with.

In 1989 the Matthews Group of companies submitted an unsolicited proposal to the federal government to privatize terminals 1 and 2 at Pearson. The government did not accept that proposal, but the following year it did announce that it would proceed with a request for proposals to obtain private sector participation in the modernization of the two terminals at Pearson.

The request for proposals for the privatization and the redevelopment of terminals 1 and 2 was issued by the federal government in March 1992 and the bidders were given 90 days to respond. Two bids were submitted: one by Paxport Inc., controlled by the Matthews Group, and the other by Claridge Holdings Inc.

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In December 1992 the Paxport proposal was declared to be more acceptable and the company was given until mid-February 1993 to satisfy the government that it was a financially viable proposal. When Paxport could not demonstrate this or raise the necessary capital, it sought assistance from Claridge. The private sector participants then formed the Pearson Development Corporation, referred to as PDC, and T1 T2 Limited Partnership for the purposes of carrying out the project.

In August 1993 the federal government and PDC announced that they had reached an agreement to redevelop and operate terminals 1 and 2. Legal agreements were to be finalized in the autumn of 1993.

A federal election was called on September 8, 1993. During the election campaign the Leader of the Opposition, now the Prime Minister, declared that the new government under his leadership would cancel any deal to privatize terminals 1 and 2 if the transaction was deemed not to be in the public interest. The chief negotiator for the government sought written instructions on whether to complete the transactions and on October 7, 1993 received written direction that it was Prime Minister Campbell's wish to complete the deal on that date. The legal agreements were therefore finalized on October 7.

(1315)

Subsequent to the election one of the first actions of the government was to review the Pearson deal. As many members have alluded to, the government engaged Mr. Robert Nixon to do an independent review. I would like to read the conclusion from his report: "My review has left me with but one conclusion, to leave in place an inadequate contract, arrived at with such a flawed process and under the shadow of possible political manipulation, is unacceptable. I recommend to you that the contract be cancelled".

I then went on to look further because obviously a bald statement like that does require some substantive support to be able to indicate the so-called flawed process. In looking at Mr. Nixon's report, page 8, subparagraph 3, I would like to read into the record some extracts to give Canadians an idea of some of the things that were of concern to Mr. Nixon in preparing his report:

"The request for proposals having as it did only a single stage and requiring proponents to engage in project definition as well as proposal submission and all within a 90 day timeframe created in my view an enormous advantage to a proponent that had previously submitted a proposal for privatizing and developing T1 and T2. Other management and construction firms not having been involved in the manoeuvring preceding the RFP had no chance to come up to speed and submit a bid in a short time period".

At this point Mr. Nixon noted that there are some timing irregularities and probably some improprieties, at least in appearance:

"With little construction and developing occurring others should have been sought out and given reasonable time to participate. Further, it is significant that no financial prequalification was required in this competition. For a project of this magnitude the selection of the best overall acceptable proposal without complete assurance of financial viability seems to me to have been highly unusual and unwise".

Finally Mr. Nixon states: "The concluding of this transaction at Prime Ministerial direction in the midst of an election campaign where this issue was controversial in my view flies in the face of normal and honourable democratic practice. It is a well known and carefully observed tradition that when governments dissolve Parliament they must accept a restricted power of decision during the election period. Certainly the closing of a transaction of significant financial importance sealing for 57 years the privatization of a major public asset should not have been entered into during an election campaign".

I have to reiterate that the government said very clearly during the election campaign that the Pearson agreement should not proceed and that if it did the government's intention was to review the deal and to cancel the deal if indeed it was not deemed to be in the public interest. It chose to proceed and in fact the government did honour its promise to the Canadian people.

We have heard a lot of speakers today discussing the process and how it is seriously flawed, that the substance was similarly flawed and that we really need a transportation vision for Canada, a comprehensive strategy for our transportation system.

During the election campaign it was very clear to me that Canadians were saying political credibility is zero. I think one of the things that all members know and have learned very well is that political credibility demands fiscal responsibility. That fiscal responsibility will result in hopefully the restored confidence of Canadians in our legislative process and indeed in the integrity and credibility of people in political life. The Pearson deal, as many have suggested, did not do justice to the Canadian people. It was the right thing to do.

(1320)

I would like to turn now specifically to Bill C-22, an act respecting certain agreements concerning the redevelopment and operations of terminals 1 and 2 at Lester B. Pearson International Airport, which received first reading on April 13, 1994. I would like to read for the House the explanatory note:

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The enactment concerns agreements arising out of the Request for Proposals for the Terminal Development Project at Lester B. Pearson International Airport or the negotiations following that Request. It declares the agreements not to have come into force and to have no legal effect, and bars certain actions or other proceedings against Her Majesty in the right of Canada in relation to the agreements.

The enactment also authorizes the Minister of Transport, with the approval of the Governor in Council, to enter into agreements for the payment of amounts in connection with the coming into force of the enactment.

The bill was presented to the House by the Minister of Industry on behalf of the Minister of Transport. In summary of the legislation it indicates that the proposed legislation—this is for the benefit of those who have not followed the debate so far—will cancel those agreements that were entered into. It will make clear that government is not obligated to compensate the developer and allow the minister to make some payments but not for specifically lobbyist fees or lost profits.

The government's policy has been and remains that it would consider reimbursing out of pocket expenses with the exception of the lobby fees but would not make payments for lost profits.

As I went through many of the documents that were available to us, I found with some interest rhetorical questions which I think probably many Canadians and maybe members have been considering. The first question one might ask is: Are not private sector companies now going to be afraid to do business with the government? I think that is a very fair question and I think the answer is not at all. The government takes its contractual obligations seriously, but this is a different and special case unlikely to arise again.

The Liberal Party made it very clear that we were concerned that the agreement might be contrary to the public interest but the parties risked signed that anyway. It is extremely important that the government gave notice and put the participants on notice. In spite of the clear message that was sent they took the public risk to proceed in any event.

The new government subsequently reviewed the agreement in detail and determined that it was indeed contrary to the public interest and that is precisely what we expect elected officials of governments to do.

The second question of note was why is the government being so hard on Pearson Development Corporation. It sounds like Pearson Development Corporation is going to lose a lot of money for the sin of negotiating a contract with the government of the day. Again that is a very relevant and good question, but we also have to understand that the people who entered into these agreements are responsible and professional business people and that the government wishes to negotiate with them in a fair and reasonable manner.

During the campaign our party made it very clear that we were concerned that the agreement was contrary to the public interest but the parties proceeded anyway. This is extremely important to the essence of the bill.

The government subsequently reviewed the agreement in detail and determined it was indeed contrary to the public interest. However the government stands by its commitments and there will be no payments for the lost profits or lobbying costs.

The final question that was stated was what are the government's future plans for Pearson International Airport. This is probably as important a question as any. I stated earlier in my speech some of the dimensions of the Pearson contribution to Canada, to jobs and to the economy. The Minister of Transport said that he intends to make a decision on airport administrative structure and potential expansion before the end of the year. He is seeking input from a large variety of sources, including his own caucus which will be giving him input with regard to the decisions.

(1325)

I have a special interest in the Pearson airport issue because it is just north of my riding, a mere 10-minute drive from the east end of my riding. We have had a number of public meetings over the years on many controversial issues, many relating to privatization, some relating to the expansion of the airport, and recently a very emotional debate with regard to expansion of runways, the new north-south runways which were already subject to a major environmental assessment review.

Having had two public meetings, I think the last one was just two weeks ago, the people who have participated in this debate over these many long months have said one thing, that they agree Pearson is an extremely important economic unit to Canada and that the future of Pearson has to be handled in a comprehensive but careful manner to ensure that they will be able to maintain Pearson as the focal airport of Canada.

At this point I do not intend to debate the merits of expansion of the airport, of privatization. All I can say is that the people I represent and who have attended these public meetings are calling out and asking the government to provide the leadership with regard to this important economic unit.

I believe the bill is the next step in the process. Any time is a good time to cancel a bad agreement and to get on with the future of Pearson, which is the undertaking of the government today.

I would like to conclude my comments simply by making a reference to the amendment proposed by the leader of the Bloc Québécois. It basically calls for a public inquiry. It has a lot to do with the fact that the bill does not deal sufficiently with the

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transparency of activities of Canadian lobbyists, which was the amendment from the Reform.

I have some difficulty understanding why that issue is relevant to this particular bill. There is no question the government has put everyone on notice that the activities of lobbyists are an important issue to this government and that it will be addressing specifically matters related to the lobbyist activity in our country.

Lobbyist activity does not directly relate to the bill. The bill deals with legal agreements and how we have a point of departure to get on with the business of the day to ensure that the future of Pearson is dealt with in a timely fashion.

The amendment appears to be quite inappropriate. I do not understand it. Pearson will continue to be the major airport for Canada. It is my pleasure to have spoken today in favour of Bill C-22.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** I have been listening very carefully to the remarks made by the hon. member who just sat down.

Throughout his remarks, he spoke of cancellation: cancellation of contracts, cancellation of agreements. I have some difficulty understanding that Bill C-22 is in fact a piece of legislation which cancels something since, in law, in Quebec as everywhere else in Canada I suppose, nothing leads to nothing. It is clear that if something is null it was nothing to begin with, and cannot lead to something.

Bill C-22 declares that the agreements are null, and that they are nothing, but on the other hand, the government wants to breathe life into that nothingness, so to speak.

With Section 10, indeed, they want to compensate friends of the government that might have benefitted from this whole scheme. That is my first question.

(1330)

The hon. member who just sat down said that he does not understand much of what the Bloc Québécois is saying, that it is using the piece of legislation we are currently considering, to address the issue of lobbying. Since this morning, I have the feeling that the Liberals understand what they want to understand and prefer to ignore what is not convenient for them. There has been some strange goings-on with regard to this whole scheme. We do not say so; it is the Nixon Report that says so. There have been some very unusual dealings in this matter by friends of this government as well as friends of the previous government.

I doubt that any future legislation on lobbying will prevent the sort of thing that happened last fall. Any such new legislation, should the Prime Minister ever introduce it, will hopefully regulate the activities of lobbyists. As for the past, I am

surprised by the attitude of the Liberals, who are saying: "We are cancelling all that, we want to do it in a hurry, but we do not want to harm anybody, we do not want to tarnish anybody's reputation". I find such remarks outrageous in the face of a project such as this one on Toronto airport, where just about the whole investment by Canada would have been handed over to some people, if they had been allowed to do as they pleased. That is all I had to say about the matter. I would like the hon. member to tell me, if he can, whether we are dealing with a cancellation or with the legal recognition of a valid contract, the main players of which are about to be compensated?

[*English*]

**Mr. Szabo:** Madam Speaker, I understand the member's concern and his questions.

He dealt with two issues, one being the issue of lobbyists. He also commented with regard to the propriety of the amendment proposed by his leader.

First, the issue of lobbyists is important and it must be dealt with. The government has indicated it will be dealing with the total question of lobbyists. I believe it probably would be appropriate to call a public inquiry, to investigate what happened and why with regard to lobbyist activities, whether it be Pearson or otherwise, just to ensure that we know what happened.

The amendment proposed by the leader of the Bloc Québécois is basically to frustrate the passing of the legislation. The member has not really addressed the real question of whether the legislation which has been proposed should go forward. It is not to say that if this goes forward we cannot look into the aspects of lobby registrations.

The member is asking questions about the bill, whether there is agreement or not, and what we are trying to do. Clearly the government assessed whether it was necessary to bring in the legislation. It made the determination based on the best legal advice it had and counsel it obtained that it was necessary to come forward with legislation to put a stop to the agreements, to declare that they have not come into force. It deems they did not come into force and they have no legal effect. It bars certain actions against the government.

This requires legislation and the government has brought forward the legislation to ensure that the matter can be dealt with finally by the Government of Canada.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** Madam Speaker, the bill before the House is needed because of the context in which certain agreements were signed concerning the redevelopment and operation of terminals 1 and 2 at the Toronto international airport. The findings of the Nixon report commissioned by the Prime Minister speak for themselves.



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[English]

“My review has left me with but one conclusion. To leave in place an inadequate contract, arrived at with such flawed process and under the shadow of possible political manipulation, is unacceptable. I recommend to you that the contract be cancelled”.

(1335)

[Translation]

If this bill is needed to cancel all agreements with T1 T2 Limited Partnership, any responsible government must look into the reasons why we are in this dilemma.

Our gracious Majesty had dealings with unknown persons whose identity is still shrouded in mystery. As recommended by the Nixon report, the Crown must unilaterally cancel those agreements because it was misled by her main counsellors and agents at the end of the 34th Parliament. We will try to explain to the House the role played by certain parties. It will then become clear why they want to remain unknown.

The Nixon report is particularly harsh with those responsible for the signing of those agreements. It is not impossible that very influential people wielded that influence improperly and in a way which is detrimental to the Canadian heritage. According to the Nixon report, there was very high level influence peddling.

If this House has reached the point where it is going to ignore the consensual principle and have our dear monarch lose face by unilaterally cancelling an agreement, I think it is because the Crown was very poorly advised.

What was the rush for a clearly moribund government to pass such contracts privatizing the only profitable air terminals in the country, thus binding for a long time, the next 57 years in fact, future Canadian governments, when the then—Leader of the Opposition and present Prime Minister of Canada cautioned the government not to conclude these deals before the election of October 25, 1993, and even warned that he would cancel the whole thing?

Before the deal was finalized, the future Prime Minister said publicly and warned the parties that he would not hesitate to cancel all that. Following this declaration, the government’s chief negotiator in this case asked for written instructions before signing the contracts. On October 7, 1993, the then—Prime Minister, through an internal memo, insisted on the signing being done the same day. During the final phase of negotiations, certain top—ranking civil servants involved asked for a transfer because they were not sure that they were acting correctly.

Can we associate this move with the 500 partisan appointments made about the same time of close friends of the regime which was then collapsing? It is not improbable.

Not only a lot of money was lost because of all what had to be spent in this voluminous case, which some of my colleagues will address later, but it dealt a severe blow to the principles of transparency and honesty. I did not invent any of this; it is all in the Nixon report.

By taking lightly the whole development of an industry of the future which cost Canadians a lot of money, the government seemed to the people to be out to grab what it could, and this is serious, coming from what must be the most honest and upright of our democratic institutions.

The government of the 34th Parliament acted like a real scrounger, thus tarnishing the image Canadians had of it. The verdict rendered a few days later leaves no doubt in this regard.

We also learn in the Nixon report that our government even willingly colluded to deprive the Government of Ontario of its right to \$10 million under the land transfer law of this province.

A responsible government cannot afford to have two different sets of laws: one for itself and another for the citizens. In the past, several forceful rulings by the highest court of the land have reminded us of it in no uncertain terms. But we can see now the unbearable consequences of the former government’s doings: unilaterally cancelling a contract is almost indecent.

(1340)

Ordinary citizens cannot resort to what is called in French “dol”, that is fraud by deceit, to seek the cancellation of a contract, except in Quebec, of course, where that procedure is allowed under the new Civil Code. Once more our beautiful province has shown her clearheadedness and sense of innovation, as opposed to some provinces that are incapable of changing their traditional vision of this country.

But I digress, Mr. Speaker. I want to come back to Bill C—22 which reflects poorly on the crown from a legal as well as factual point of view.

Common law principles do not allow ordinary citizens to resort to “dol” and case law has not changed in that regard.

To lose face, Mr. Speaker, is not too strong a way of putting it. How could Her gracious Majesty resort to “dol” to cancel that contract, when she is so well advised by the largest firm of legal advisors, the Public Service of Canada?

Her Majesty must surely not be very happy with what is happening right now. If it had not been for her unlimited authority, Her Majesty would have been had. Fortunately, as we were taught during the first term of our BA in law, the only thing the crown cannot do is to change a man into a woman, and I would add “and even that remains to be seen”.

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The Queen can do no wrong. It is because of this principle of common law, so dear to our fellow citizens across the floor, that this fool's deal can still be cancelled and its effects avoided, thank God.

Earlier, I was wondering how come we had gotten there. I agree that we should cancel for all intents and purposes the agreements concerning terminals 1 and 2 of Pearson airport, but I do not want this to be done at the expense of our public servants. It is understandable that we would want to hold the previous government responsible, as this government always does, but I would advise the Liberals against casting the first stone because the Conservatives just pushed a bit farther the puck that had been put into play by their predecessors.

What does the government intend to do, to avoid further insults of this kind to our beloved sovereign? In its famous red book, the party now in power, rightly criticizing the agreements reached a few days before election day on October 25, had definitely promised Canadian taxpayers to introduce a bill which would have the effect of restricting lobbying activities on Parliament Hill. Did it keep its promise? Not at all.

The present Prime Minister and member from Saint-Maurice had promised us legislation governing lobbyists' activities on Parliament Hill. This legislation has yet to come.

In the daily *Le Droit* of March 21, David Zussman, in charge of the lobbying issue for the Prime Minister, said regarding the introduction of such legislation that, although the principles were clear, it sometimes takes more time to write the rules than to agree on the principles. He also said that there are so many elements and so many players in all of this that it will require much more time than one could have imagined.

There is reason to be confused, especially when one remembers that the Prime Minister, when given a rough ride in his own riding, said recently that it was all in the red book, that one had only to read between the lines.

Good legislation must be clear, concise, and precise. Its principles must be clear and not be subject to interpretation. Its scope must not be mitigated in any way neither by the number of people concerned nor their political or social status. If such legislation is written on the basis of the corporative interests of all the friends of the government, it can only be legislation difficult to write, evasive, permissive and easy to circumvent. It becomes questionable legislation. Must we understand that this is the kind of difficulty that the government is having with the development of this bill at this time?

The Pearson airport contracts were awarded in its last days by the former government, when it felt the carpet slipping under its feet. What does the government intend to do to protect itself

against such a temptation at the end of its present mandate? I trust that such a vision of the future will not dictate that it uses the same self-control as it is using in the development of its code of ethics.

(1345)

Could the present government, which is as alike as two peas in a pod as its predecessor, not reassure our dear sovereign, Canadians and Quebecers that such absurd actions as those that were perpetrated by the previous government with regard to the Toronto airport will not likely occur again?

Those divine banquets at \$3,000 per person, which were attended by the most powerful members of the present government and the Senate, and those brunches at \$1,000 per person, that is where the main activities of the most powerful lobbyists are likely to occur, because the Prime Minister's eloquence alone cannot justify such an investment.

Far be it from me to cast aspersions on our Prime Minister. After all, his political longevity is proof positive of his integrity. However, I think we can say the Prime Minister was being a little careless about his image when he appointed Robert Wright, a Liberal fundraiser from away back, to negotiate the cancellation of the agreement on privatization of the air terminals in Toronto, especially when we realize that Mr. Wright, who has many qualifications, was the Prime Minister's fundraiser during his campaign for the leadership of the Liberal Party in 1984.

Section 10 of the bill before the House today says that, if the Minister considers it appropriate, he may enter into agreements on behalf of Her Majesty to provide for the payment of such amounts as the Minister considers appropriate in connection with the coming into force of this act. That is what it says.

This provision adds insult to injury. Not only did Her august Majesty get the short end of the stick in these agreements, she will also have to deal with the fall-out that will come as a result of this legislation. Is the government again using Her long suffering Majesty to get several million dollars for its friends?

Far be it from me to cast any doubts on the integrity of the Minister of Transport who, I am sure, is capable of exercising his discretionary powers with the requisite honesty and restraint, but I think this is a truly herculean task which we cannot reasonably ask him to perform.

Those who dealt with the government in this particular matter had been warned by the present Prime Minister that the deal was a dead end and that, if the Liberal Party came to power, the contracts would be cancelled. That is why the government negotiator asked for instructions before proceeding with the signing of the agreements. Those who dealt with the government were aware of all the implications. They gambled, and they lost. Moral turpitude is not a defence.

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In any case, the parties to these contracts never lost money in their dealings with the government in power, and for reasons I mentioned earlier, I wonder on what ethical grounds we would owe them anything at all.

Throughout my speech, I consciously and purposely used the terms “Majesty”, “Sovereign”, “Queen”, and the “Crown”. The people in this House know that when we refer to Her Majesty, we are talking about the people of this country, which means all Canadians. But do Canadians realize this? Do they realize that they also got the short end of the stick?

Do the citizens of this country realize that the Toronto airport deal is only the tip of the iceberg? For 127 years, for as long as the Canadian federation has existed, the citizens of this country thought they owned this country and were the masters of its destiny. A cold, northern country, very austere, but a country of the strong, the brave and the adventurous. Those who chose it did so out of love, because they had a dream to build a life and were prepared to suffer, to forego sun and heat and make do with very little, but always with a great love for the land.

They were exploited by foreign fur traders, misled by power-hungry or simply money-grubbing politicians, leading a life of few dreams and limited prospects. What are we going to leave our children? Six, seven, eight, nine hundred billion dollars worth of debt!

(1350)

I am ashamed, Mr. Speaker, ashamed. Why? Because I am part of the generation who made off with the cashbox. I inherited a beautiful, clean country, and in less than 50 years, see what I have done, see what will be left for the next generations: a country burdened with debt, polluted, dirty, torn apart by sorry politicians who cared only for their personal comfort.

This country has been ruined by greed, vandalized by those who feel no loyalty to any country, by mudsucking tadpoles, by well-educated politicians who lack vision and are blinded by their personal ambitions.

A great philosopher once said: it is not the last drop that makes the cup overflow, but the first one. It is true.

The Toronto airport could very well be the last drop. There is too much doubt, too much confusion here, as well as too many mistakes, for us not to start asking questions.

In this whole mess, some senior officials resigned, others asked to be transferred, and others said nothing for fear of retaliation. The operation was so gross that only those few who had absolute authority thought they were untouchable.

The steamroller was in motion. They were marching on against all common sense and advice; greed had no limits, the project was the only purpose and cupidity ruled.

Proud people were made into servants, honest ones were made deceitful and truthful ones turned into liars. Things have to change, this country must regain its dignity, regain respect and redefine its aspirations; most of all, it must re-establish the rule of law. That is why we must immediately, even at the risk of collectively hurting ourselves, revive justice and pride to give hope once again to those who follow; we must take our destiny into our own hands.

Consequently, we must immediately set up a royal commission to inquire into the Pearson Airport deal and we must implement its recommendations. We must put a stop to false bidding and allow Canadians, including Quebecers, to regain their sense of pride and dignity. The nobility of the principles of equality, fraternity and justice must be restored. This way, perhaps we could considerably reduce disputes between Quebec and Ottawa. Perhaps people could understand that Quebecers who choose emancipation have decided to free themselves from this kind of socioeconomic and financial colonialism that holds too many Canadians hostages.

Que bene annat, bene castigat, or “spare the rod and spoil the child”. This age-old latin maxim is still valid today. If our Prime Minister is tabling Bill C-22 for honest reasons, if he wants to restore the principles of justice in this country, he must proclaim now the appointment of a royal commission of inquiry on Terminals 1 and 2 in Toronto. The conclusions of the commissioners will allow us to prosecute all those who are at fault, as rich as they may be, under one justice, honourable and righteous, the justice of Canadians.

[English]

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Madam Speaker, toward the end of the hon. member's remarks he sounded as if he had taken the government position.

We as Liberals led by the Prime Minister have fought against the dismantling of the Pearson International Airport. We did that not only when we sat on that side of the House of Commons. During the election campaign when we heard that the then Conservative government was going ahead we said it was not our policy direction. We did not want to privatize Pearson International Airport. We campaigned against it and we acted immediately once the Prime Minister took office.

In no way, shape or form are Canadians confused when it comes to the decision the Prime Minister took. It was decisive and the right thing to do in the long term interests of all Canadians.

This is a strange approach we have here today. We are trying to act on the decision and put the Pearson file behind us and properly pay those people who unfortunately got into a bad deal with the previous government.

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(1355)

We are trying to put that file behind us so we can rebuild a market in Toronto with a fresh policy start. There are a lot of unemployed people in Toronto. We do not intend to leave Pearson in the state it is forever.

However we would like to do this as a Government of Canada project. As the member so appropriately recognized, this is a Government of Canada asset. It generates profits for the people of Canada. That is part of the reason we did not want to proceed on this deal. It was not a good deal for taxpayers.

To mix the issue of lobbying with the action of the bill today is not the right way to go. Could the member not see this whole issue of reviewing lobbyist activity, and even reviewing the lobbyist activity as it pertains to Pearson International Airport, could be more appropriately handled when we bring forward the lobbyists registration bill which we will not only discuss in the House but in committee as well? In that way we would not be slowing down the whole process and we could put the bill behind us.

[Translation]

**Mr. Lebel:** Madam Speaker, I said it before, and I will say it again, the Liberals understand what is grist to their mill and acts in their favour. When they present their bill, their code of ethics, it will not be appropriate to bring up past cases. The member who asked the question is well aware of that. He is trying to ensnare me. He knows that we will not be able to mention the Pearson airport deal when his government finally decides to present its bill.

We will debate the essence of the bill, its strengths and weaknesses, which I expect will be many. But we will not be allowed to talk about the maneuvering that preceded the Toronto airport deal. Being a lot more experienced, he knows that better than me. I cannot understand why the Liberals who, during the election campaign, opposed this deal which was in the process of being completed, are now very sheepish, having realized since October 7, when the contract was signed, that some of their friends were involved in that deal. Does this explain the compensation under clause 10?

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

**Mr. Plamondon:** I rise on a point of order, Madam Speaker. I have been standing for one minute and it is customary, once a member has asked a question to a Bloc Quebecois member, that a member from another party then addresses the previous speaker. I therefore wonder why you are not giving me the floor instead of recognizing the member who just rose.

**The Acting Speaker (Mrs. Maheu):** The speaker was a Bloc member. Mr. Mills rose for questions and comments. It is customary to then recognize the party opposite. In this case the speaker was a member of the Bloc Quebecois.

**Mr. Plamondon:** Madam Speaker, I would like you to consult the clerks and the Standing Orders. It is the member who rises first who has the floor, and should several people rise at the same time, according to tradition, you must alternate between parties. Since I have been standing for one minute, it is obvious that I should have the floor. No other members having risen, I have priority to address the previous speaker. I ask you to consult and give a new ruling.

[English]

**Mr. Mills (Broadview—Greenwood):** Madam Speaker, perhaps I could assist in straightening out this confusion. I was about to speak on debate and that is why I rose. When the member from the Bloc suddenly stood, I sat down. There are still a couple of minutes left.

[Translation]

**The Acting Speaker (Mrs. Maheu):** I will come back to the hon. member for Richelieu. It is true that the parliamentary secretary was asking to be recognized, but there was another member behind him. I apologize to the member. I had not forgotten him and I was not ignoring him either. Quite the opposite, in fact.

[English]

**Mr. Paul Szabo (Mississauga South):** Madam Speaker, I want to respond to a comment made by the member who basically imputed motives. I know the Speaker has often said to members to take due care in terms of imputing motives.

The member indicated the reason the Liberals cancelled the deal was so that they could deal with their own pockets. I find that statement very unsavoury. I would invite the member to read the report of Mr. Nixon to determine whether there was a flawed process, and to make his own decision if it was appropriate to cancel the deal. Do not impute motives to the Liberal Party but rather make a decision on your own. It is a bad deal. It has been cancelled, and the government is acting responsibly.

**The Speaker:** Order. It seems that I came in on a pretty warm debate here.

It being two o'clock, pursuant to Standing Order 30(5), the House will now proceed to Statements by Members, pursuant to Standing Order 31.

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**STATEMENTS BY MEMBERS***[English]**[English]***JUSTICE**

**Ms. Beth Phinney (Hamilton Mountain):** Mr. Speaker, the draft amendments to the Criminal Code and the Customs Tariff Act introduced by the Minister of Justice last week in response to the proliferation of serial killer cards and board games is a clear indication to all Canadians that the justice minister is listening and that he will be acting promptly to bring needed changes to the justice system.

As the justice minister stated, as a society we must protect children and youth from exposure to material which exploits violence, cruelty and horror, while balancing this goal against the important guarantees of freedom of expression contained in the Charter of Rights and Freedoms.

The government is committed to making our streets, our homes and our communities safer. The threat of violence that pervades our society is intimidating and alarming to most Canadians. By seeking to prohibit the sale or distribution of materials that exploit violence, we do a great service not only to the majority of law abiding citizens, but to the young people who deserve to develop interests and talents free of such negative influences.

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*[Translation]***SOUTH AFRICA**

**Mr. Philippe Paré (Louis-Hébert):** Mr. Speaker, today is a day that will long be remembered by men and women the world over. Democratic parliamentary institutions are becoming a reality in the political life of South Africa because, as of this morning, for the first time ever, blacks from every town and city in South Africa have begun the process of democratically electing their representatives.

As parliamentarians, we cannot remain indifferent to the words of one elderly South African who said: "I can die now because I have voted for the first time in my life".

Despite the bombings and the violence, despite the numerous obstacles on the road to democracy in South Africa, we are confident that the people of South Africa will triumph.

**KURT BROWNING**

**Mr. Bob Mills (Red Deer):** Mr. Speaker, on this past Sunday I attended an event in Caroline, Alberta, in the heart of my constituency of Red Deer. This event truly made me proud to be a Canadian.

The village of Caroline held a barbecue to pay tribute to a truly Canadian role model, Mr. Kurt Browning. People came from all parts of my constituency and from far beyond to honour this world renowned Canadian. Kurt has brought honour not only to the town of Caroline but to Alberta and to all of Canada. His four world championships are an inspiration to all Canadians. Kurt's accomplishments and his real Canadian spirit gives Canadians the sense of pride and national identification that is needed to unite the country.

The pride which glowed from everyone's face is what Canada is all about. Kurt's personality and true love of people and his country is demonstrated again and again. Today I ask the House to salute a true Canadian champion, Mr. Kurt Browning.

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

\* \* \*

(1405)

**CULTURAL LEARNING CENTRE**

**Mr. Pat O'Brien (London—Middlesex):** Mr. Speaker, the London Cross Cultural Learner Centre is a multifaceted facility that has provided services to newcomers to Canada for over 25 years. The centre has evolved into a unique combination of programs and services that are based on cross cultural learning within the community.

To promote global education in the community the centre provides a resource centre and regularly hosts guest speakers, screens films and holds special exhibits. As well the centre collaborates with the Department of Citizenship and Immigration and the community to initiate language instruction to new Canadians or LINC.

There is a growing cultural diversity in the community of London—Middlesex. I commend the dedication and commitment of the individuals who have worked to create such a unique cultural learning centre.

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**TOURISM**

**Mr. John Maloney (Erie):** Mr. Speaker, tourism is a significant part of the economy of Erie riding and indeed of the whole Niagara region.

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It is an industry with the potential to employ many more people than it does currently and this in an area of very high unemployment. The tourism industry encompasses small to large companies as well as business people of all backgrounds, including youth and seniors. The needs of these people and the tourism industry must be looked at to help them not just to survive but to prosper and expand.

Tourism is a \$28 billion industry in Canada. The vast majority of the 60,000 tourist enterprises are small or medium sized businesses. Tourism tax revenues for all levels of government are estimated to be in the neighbourhood of \$11 billion annually. This is an important sector of economy.

Notwithstanding the foregoing, I would point out that there was a trade deficit of \$8 billion in 1993 with the rest of the world. Approximately \$5.5 billion of that deficit was with the United States. We can do better; we must do better.

\* \* \*

**TRADE**

**Mr. Paul Steckle (Huron—Bruce):** Mr. Speaker, Thursday CNN reported that because of our low Canadian dollar, Americans were flocking to Canadian border communities to buy new cars. Americans realized they could save thousands of dollars by shopping in Canada.

There is one problem. No, it is not either national government. In fact freer trade laws have enabled these types of sales. Rather it is the big three auto makers forbidding their dealerships to sell cars for export.

The big three have told their dealers that if they sell cars for export they could lose their franchise agreement. This does not sit well with dealers who say that if allowed they could sell hundreds of cars to our American neighbours. It is especially difficult for the dealers since other dealers not associated with the big three have not been curtailed from selling for export.

Businesses have long complained that government is hindering their sales potential with obtrusive trade laws. The government has acted but now apparently big business has stepped in to install greater non-tariff barriers. The Canadian economy has suffered for years from cross-border shopping. Now it is time to reverse that and take advantage of the situation while it is still in our favour.

\* \* \*

[Translation]

**CANADA'S CREDIT RATING**

**Mr. Jean Landry (Lotbinière):** Mr. Speaker, yesterday the president of Moody's, a New York bond rating agency, stated the following: "The Quebec election is not a factor to be analyzed in reviewing Canada's credit rating". The president of Moody's

acknowledged that Canada's credit rating was being closely monitored because of the country's financial situation and high debt levels. The outcome of the current review could prove costly in terms of high interest rates.

In fact, since the Liberal government brought down its first budget, the gap between Canadian and American interest rates has widened considerably. The markets are reacting this way because foreign investors are worried about the lack of concrete deficit reduction measures in the first Liberal budget.

These comments from the president of Moody's confirm that the recent volatility of the market is due to the sorry state of public finances, not to the political situation in Canada.

\* \* \*

[English]

**CURLING**

**Mr. Jack Frazer (Saanich—Gulf Islands):** Mr. Speaker, it is with great pride and pleasure that I rise to again honour Canada's curlers.

For the first time all major Canadian curling teams have swept their way to world championships. In both women's and men's senior and women's and men's junior playdowns, Canada's curlers walked off with the gold.

I want to extend special acknowledgement to Saanich—Gulf Islander Elaine Dagg-Jackson who was team leader for the Canadian junior world curling team. Elaine and members of all our teams have proven Canada to be a powerhouse in world curling. Caught between a rock and a hard place they consistently drew to the button.

I know all members of the House join me in applauding these outstanding athletes.

\* \* \*

[Translation]

**TERRITORIAL BILINGUALISM**

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle):** Mr. Speaker, last week, a Reform Party member tabled a motion to amend the Official Languages Act so as to reflect the principle of territorial bilingualism, which consists in providing federal services essentially in French in Quebec, and essentially in English in the rest of Canada.

(1410)

This concept of territorial bilingualism is an aberration which reflects a profound ignorance of the history of our country. Such an idea does not take into account our Canadian national identity, and it more or less promotes intolerance.

There can be no doubt that, after being in effect for over a quarter of a century, the federal official languages policy is an integral part of the Canadian identity.

*S. O. 31*

According to an Angus Reid poll conducted in May 1993, close to 70 per cent of Canadians approve the federal government's promotion of official language minority rights.

It is inconceivable that anyone would suggest taking a step backward!

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*[English]***EFAMOL RESEARCH INSTITUTE**

**Mr. John Murphy (Annapolis Valley—Hants):** Mr. Speaker, I rise today to raise awareness of some exciting research and development that is currently under way at the EFAMOL Research Institute in my riding of Annapolis Valley—Hants.

The institute is a world leader in the research of medical benefits derived from the oil of evening primrose plants. Research is focused on new treatments for cancer, AIDS, diabetes, cardiovascular disease and arthritis.

EFAMOL is the evening primrose oil used in over 95 per cent of all published medical trials. It is widely considered the best researched primrose oil on the market.

On Wednesday, May 4, EFAMOL Research Incorporated is hosting the grand opening of its new research and development laboratory. I would ask all members of the House to join me in extending my congratulations to the members of the EFAMOL Research Institute for their world class work in this field.

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**BINNEY AND SMITH (CANADA)**

**Mr. John O'Reilly (Victoria—Haliburton):** Mr. Speaker, Binney and Smith (Canada) may not be a household name to most Canadians. However, on closer inspection I am certain we will see otherwise.

The company got its Canadian start in 1926 and moved to Lindsay, Ontario, in 1933 and was renamed Canada Crayon Company. It was early in 1934 that it produced Canada's first Crayola crayons and in 1958 it became a wholly-owned subsidiary of Binney and Smith Inc. and is the only current manufacturer of crayons in Canada.

And manufacture it does. Last year 185 employees produced over 150 million crayons and 30 million markers. It is a model of success which every company in Canada should follow. In 1992 the entire product line was named Toy of the Year by the Canadian Toy Testing Council. In September last year it was one of five companies to receive the outstanding business achievement award from the Ontario Chamber of Commerce in recognition of outstanding achievement and business excellence.

We salute a great Canadian company, Binney and Smith (Canada) in Lindsay, Ontario.

\* \* \*

*[Translation]***IRVING WHALE**

**Mr. Jean-Guy Chrétien (Frontenac):** Mr. Speaker, the Irving family is once again trying to duck its obligations toward Canadian taxpayers. In a clever diversion attempt, the company proposed that the costs of refloating the barge that ran aground be paid by the compensation fund financed by the oil industry.

This fund should not be used in that case, since it was set up after the accident. Ottawa has still not indicated who will foot the bill for the operation. Knowing the reputation of the Irving family as a stateless entity which avoids Canadian taxes by operating out of Bermuda, taxpayers are understandably concerned about the government's decision.

The government must ensure that it is those responsible for the situation who will pay for the operation. The Gagnon-Easter committee remained silent on this aspect.

\* \* \*

*[English]***SOUTH AFRICA**

**Mr. Keith Martin (Esquimalt—Juan de Fuca):** Mr. Speaker, the first multiracial elections in South Africa are beginning today.

These elections mark for the first time in that country the end of institutionalized racism. They are the culmination of years of hard work by many of its citizens.

It is both my hope and my prayer that these elections will be conducted in a fair and just manner and that the members of the new multiracial government will be able to work together for a peaceful and prosperous future for all.

Only by practising tolerance, understanding and moderation will the people of that beautiful country be able to bury its destructive past. South Africa has learned that equality of all people is fundamental to a peaceful society. Giving special status to some groups at the expense of others only engenders conflict and is highly divisive.

(1415)

I hope we in Canada in dealing with our own constitutional problems will learn from abroad. I personally challenge Canadians of all regions and races to practise tolerance and understanding toward each other.

*Oral Questions***GEORGE ANDERSON**

**Hon. Roger Simmons (Burin—St. George's):** Mr. Speaker, I want to salute the courage of a young man, a constituent of mine, Private George Anderson of Cape Ray, Newfoundland.

Members will realize that he was one of two Canadian peacekeepers seriously injured on Sunday in Croatia. In that incident he lost an eye and the lower parts of both his legs while doing his bit to help restore peace and stability in that part of the world.

Last evening I went to see his family: Ralph and Mary, his father and mother, and Angela and LeRoy, his sister and brother. His father told me he knew it was a dangerous place to be.

I want him and his family to know on our behalf that as he goes through this very difficult time in his life our thoughts and our prayers are with him.

\* \* \*

**YARMOUTH HIGH SCHOOL**

**Mr. Harry Verran (South West Nova):** Mr. Speaker, I take this opportunity to welcome a class of grade 12 students from the high school in the town of Yarmouth, Nova Scotia, the largest town in the riding of South West Nova.

Mr. Ken Langille and his group are on a law society tour of the capital. These young people have raised funds for this trip by writing, publishing and selling a magazine outlining various criminal activities and cases.

Mr. Ken Langille is a well known teacher throughout the educational system in Nova Scotia for being an innovative teacher with regard to our legal system.

It is a pleasure on behalf of the government and the House to welcome them to Ottawa. I hope they find their trip to be educational and productive. I know all members of the House will join with me in wishing them success and a safe journey home.

**ORAL QUESTION PERIOD**

[*Translation*]

**ATLANTIC FISHERIES ADJUSTMENT PROGRAM**

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, my question is for the Prime Minister.

In its Atlantic fisheries adjustment program, the government will oblige fishermen to sign a contract requiring them to take training courses, go back to school or do community work. Otherwise they cannot receive benefits from the program. The

Minister of Human Resources Development even confirmed that his reform could extend such a contract to all social programs from coast to coast.

I ask the Prime Minister to tell us if, under his reform, he intends to require the unemployed and welfare recipients to take courses and to work in order to collect the benefits to which they are entitled and I ask him to tell us whether he admits that it would now be illegal to apply such a contract to everyone.

**Right Hon. Jean Chrétien (Prime Minister):** Since it is most unusual to have people who completely lost their livelihood, in co-operation with the provincial Government of Newfoundland, we have tried to set up a program that could help these people find something else to do with their lives.

Since we know that half the fishermen will not be able to go back to fishing, they need to adjust to the labour market; that is why we prepared such a comprehensive plan and we want those who cannot return to work in the fisheries to be able to work elsewhere and they will be trained in educational institutions in the provinces concerned.

**Hon. Lucien Bouchard (Leader of the Opposition):** There seems to be a contradiction again between the Prime Minister and the minister responsible, since the Prime Minister is telling us that the fisheries program was designed to meet a very specific need and would therefore be limited to fishermen. However, the minister suggested that all social programs could be subject to this kind of requirement.

(1420)

I therefore ask the Prime Minister if he can tell us whether the fierce opposition of several provinces to his program of social reform is due to their refusal to endorse the coercive approach favoured by his minister.

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, what my minister is trying to do now is to reach an agreement with the provinces. They asked for time to study in more detail the best ways to help people go back to work and that is our priority. We want people to return to work and have the dignity of doing a job and the satisfaction of supporting their family. That is why the Department of Human Resources Development is negotiating and discussing with the provinces now, because like them, we have programs and we prefer to find a solution that will suit the provinces and the federal government.

We want people to be able to retrain and to prepare themselves so that they can earn their living honourably.

**Hon. Lucien Bouchard (Leader of the Opposition):** Mr. Speaker, despite what the Prime Minister says, everyone knows that they are not negotiating very hard, since the provinces, or at least several of them, refused to attend the latest federal-provincial conference that the minister wanted to hold on this subject.



*Oral Questions*

Second, the provinces are well aware that all the Prime Minister's answers indicate that, if they do not accept his point of view, he will impose it on them.

So I ask him if we are to understand that he is trying to break the poorest provinces by brandishing the threat of a substantial reduction in transfer payments.

[English]

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, the Leader of the Opposition has it all wrong. It is unfortunate that he spends all his time in the House trying to foment difficulties where there are not difficulties.

The fact of the matter is we just met and talked last week with provincial ministers who are all still committed to working in collaboration to bring about serious reform in the country on programs that will help people get back to work.

There is only one person with one group in this entire country who wants to see the programs fail and it is the Leader of the Opposition.

\* \* \*

[Translation]

**HIBERNIA PROJECT**

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies):** Mr. Speaker, the Hibernia project is already far from proving that it can be profitable. Because of the announced cost overruns, the production cost of a barrel of Hibernia oil would be considerably higher than international market prices. The extra money invested in this project by the government is totally unjustifiable. Defending Hibernia's profitability seems to be an act of faith we can no longer afford.

My question is for the Minister of Natural Resources, of course. How can the minister invoke the profitability of the Hibernia money pit, when it seems certain that the cost of extracting oil from the Hibernia deposit will be higher than oil prices on the international markets?

[English]

**Hon. Anne McLellan (Minister of Natural Resources):** Mr. Speaker, let me say first, in response to my hon. colleague's question, that we have contractual obligations. We are one of five owners of the Hibernia project. We are an 8.5 per cent equity owner. We must maintain and live up to our contractual obligations. Therefore we are going to be responsible for 8.5 per cent of any cost overruns.

In addition, let me say that the government and I continue to believe that Hibernia will be a profitable project in the coming 18 to 20 weeks.

[Translation]

**Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies):** Mr. Speaker, are we to understand that, after investing \$4 billion in the development of Hibernia, the government is now telling us that its hands are tied, that it cannot go back and that it must go ahead at any cost, by continuing to sink millions of dollars of taxpayers' money?

[English]

**Hon. Anne McLellan (Minister of Natural Resources):** Mr. Speaker, let me clarify for my hon. friend that the federal government has not spent \$4 billion on the Hibernia project. The total projected cost of the project, involving all equity owners, is \$5.2 billion.

(1425)

Therefore to suggest that the federal government has expended \$4 billion is completely inaccurate and unfortunately a misrepresentation of the situation as it presently exists.

In addition, let me reiterate the point that we as a government believe and my projections and figures indicate that Hibernia has every prospect of being ultimately profitable and an important component in our long term energy security as a nation.

\* \* \*

**THE ECONOMY**

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, my question is for the Prime Minister.

Both the International Monetary Fund and Moody's Investors Service have again expressed concern about overspending by the Canadian government. It is not just the size of the deficit and the debt that worries the money markets. It is also their concern that the federal government seems to lack the ability or the tools to control overspending.

What plans, if any, does the government have to strengthen the capacities of the Treasury Board, of departmental managers, of Parliament itself to control federal overspending?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, to answer the question, it is something that we are working on all the time.

When we look at the budget, we indicated that we are working to reduce substantially the deficit and we are confident that the deficit in relation to GDP will be 3 per cent at the end of three years. We are doing it on a constant basis.

For example, the minister of immigration cancelled all citizenship judges, thus saving millions of dollars.

Still today I am waiting for the member's list on where to cut. Whenever we propose a cut he says it is not the right one, that it should be somewhere else. I received complaints from people in his province because we had to cut national defence, for

example. It is not that easy to do. We are doing our best. We have a plan that we were elected on and we will deliver the goods.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I thank the Prime Minister for his answer. He may be a bit behind in his reading. We tabled in the House a list of \$20 billion in spending cuts that could be made over the next three years. Those were our contributions to the solution to that problem.

My supplementary line of inquiry is that one positive signal that the Prime Minister could send to the money markets would be to openly encourage parliamentary committees to reduce rather than simply rubber stamp the spending estimates presented to them.

Could the Prime Minister assure members of the House that if they were to reduce the spending estimates presented to them in committee, the government would accept those reductions and not regard them as an expression of non-confidence in the government's budget?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, we are looking at all the expenditures. If the committees want to make more recommendations we will be delighted to see them but there are some principles, some things we will not agree to cut.

We will not scrap medicare in Canada even if members ask us to do that.

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

**Mr. Chrétien (Saint-Maurice):** Good, some members opposite are applauding. Do members want us to scrap old age pensions?

**Some hon. members:** No.

**Mr. Chrétien (Saint-Maurice):** Okay. Do members want us to stop transferring money to—

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

**Some hon. members:** More, more.

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, we are getting question period reversed here. We will be happy to answer the questions.

In seriousness, the Prime Minister did not answer my simple and direct question. I will repeat it. All we are looking for is a straight answer. Could the Prime Minister assure members of the House that if they were to reduce the spending estimates presented to them in committee the government would accept those reductions and not regard them as an expression of non-confidence in the government's budget?

(1430)

I ask this not just on behalf of committee members on this side of the House but on behalf of members on all sides of the House.

### *Oral Questions*

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, it is all come and go in the committee and make the recommendations and get the recommendations. We would be happy with that. That is why we have committees. It is very easy to make a big statement here.

Whenever I suggest areas where we could cut, members of the Reform Party say we should not cut. They should make up their minds. They are obsessed with only one or two programs, such as bilingualism. They would not reduce the deficit with that one. Later on when we are faced with those who want to separate from this country they will blame me because I did not want to have a policy to keep the country together.

**The Speaker:** I am starting to get that old feeling again.

\* \* \*

[*Translation*]

### ELECTION ACT

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, my question is for the Prime Minister. The Quebec director general of elections, Mr. Pierre-F. Côté, has recognized yesterday that the Prime Minister and his ministers are not bound by the provisions of the Quebec Election Act, and those governing election expenses in particular. This means that the Prime Minister and his ministers can spend as much as they want during the election campaign without having to account for it, while other federal members of Parliament, including the Bloc Québécois members, have to comply with the legislation.

My question is as follows: Does the Prime Minister undertake, on behalf of all the members of his government, to abide by the spirit of the Quebec Election Act during the next election campaign, as requested by the Quebec director general of elections, for the sake of democratic fairness?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, I have not read the report in question. Are you afraid that I will go and campaign in Quebec?

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

**Mr. Chrétien (Saint-Maurice):** Good. I will certainly find opportunities to let the people of Quebec know that it would be disastrous if the separatists were to be elected.

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

**Mr. Chrétien (Saint-Maurice):** And that would not cost a fortune. I can assure this House that I have no intention of abusing my privileges as Prime Minister of Canada during the election campaign. I will respect the wishes of the people of Quebec. Of course, opportunities will arise for me and my ministers to express our views. But do not worry, we will not go overboard. However, we will continue to represent the government, and as such, we have the right to speak in any province during an election. We will avail ourselves of that right. I think

*Oral Questions*

that, unlike Mr. Parizeau, Mr. Johnson does not need the support of the federal party to win the election.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie):** Mr. Speaker, we hope the Prime Minister will come and discuss the real issues in Quebec. But we do not want have to pay out of the tax dollars we send to Ottawa for the Brinks' trick he pulled off with Trudeau and his friends in the old days.

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

**Mr. Duceppe:** I would like to ask the Prime Minister if he can promise not to launch large scale government advertising campaigns that could serve the interests of his federalist ally in Quebec. Can he promise not to waste public money for purely partisan purposes?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, if the hon. member can promise me that not one single member of the Bloc Québécois or their constituency office staff will take any part in the election, that they will carry out their duty as members of Parliament and remain in Ottawa during the election, then I too will stay in Ottawa. That is a promise.

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

**Mr. Chrétien (Saint-Maurice):** So, if they do not agree at this time—

(1435)

No, no; that is it. Because the 54 members from the Bloc Québécois have staff working for them who are paid by the federal government to deal with problems concerning the federal government, and they should not be promoting the separation of Quebec using federal funds.

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

\* \* \*

[English]

**THEME PARK**

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, my question is for the Prime Minister.

In addition to the \$20 billion in spending cuts that we tabled, we have a very practical example. Yesterday the Prime Minister referred to vast private sector support for the patronage theme park in his riding.

I would point out to the Prime Minister that Hydro Quebec, which is supplying almost all of the so-called private funding, is a provincial crown corporation. In fact the taxpayers of Canada and Quebec are contributing almost all of the funding for this boondoggle.

In light of the fact that this theme park is almost entirely funded by public funds and not the private sector, will the

federal government withdraw its support for this doomed project?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, the report that the member is using was published two years ago. After that it was reviewed and downsized and the provincial government and the federal government agreed to develop this park. It is a project that the community has been working on for a long time.

If it had done it through the infrastructure program, the federal government would have paid one third. Through this system it is paying less than 20 per cent. Just from the construction we will most likely get more than our share in income tax and other taxes that the project will generate.

**Mr. Elwin Hermanson (Kindersley—Lloydminster):** Mr. Speaker, it is really disappointing to see the government with its blinders on. The report by the Federal Bureau of Regional Development on this project claims that the revenue generated by visitors to the park will be less than half of what is projected. The cost of maintaining the facility will be almost \$900,000 per year higher than projected and to run the park properly it might have to triple its payroll.

The evidence indicates that this patronage park will run deficits every year.

I ask the Prime Minister whether his government is prepared to bail out this money pit year after year, or is the Prime Minister prepared to show some leadership and pull the plug on the boondoggle—no more federal funding?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, the member is making the case. I just said that the document he is looking at was prepared in 1992. The project has been cut down to a more manageable level. The group has been told very clearly by the Quebec government and by the federal government that if it cannot make a go of it, it will not be able to come to us later on.

The local community is dedicated and committed to making it work and I am convinced it will work. We are making a small contribution compared to what Hydro Quebec is making. Hydro Quebec is very independent from the government; it is run completely separate. Ask any MLA and they will tell you.

\* \* \*

[Translation]

**TRANSPORT CANADA**

**Mr. Michel Guimond (Beauport—Montmorency—Orléans):** Mr. Speaker, we learned from a working paper drafted by Transport Canada that the minister of Transport is considering eliminating 14,000 jobs by privatizing several activities and going as far as privatizing all activities conducted by the Canadian Coast Guard.

*Oral Questions*

Can the minister confirm that he is about to downsize its department by eliminating 14,000 jobs?

**Hon. Douglas Young (Minister of Transport):** Mr. Speaker, as the hon. member knows, the budget includes a marketing process for Transport Canada operations.

We will examine all the activities the department is responsible for and carry out consultations which will enable us to still provide Canadians with safe, but also efficient services. The hon. member will be informed as soon as the decision is made.

(1440)

**Mr. Michel Guimond (Beauport—Montmorency—Orléans):** I have a supplementary question, Mr. Speaker. Can the minister confirm that his government will privatize the Coast Guard, hence decreasing the competitiveness of ports along the St. Lawrence Seaway and forcing shipowners to look for someone to foot the bill, which will come to about \$200 million a year?

[English]

**Hon. Douglas Young (Minister of Transport):** Mr. Speaker, we have heard from the Official Opposition and from other parties in the House that we need to put our financial affairs in order, that we have to address all of the areas of government where there is a possibility of reducing costs and being more efficient.

We are going to look at the entire ambit of activities for which Transport Canada is responsible, including the coast guard. We are going to be very careful at maintaining what we think is our fiduciary responsibility of providing security for Canadians in all modes of transport. But we are going to look at all possibilities in consultation with provinces and with the clients that we have to serve.

We have not made any decisions on this except to do the very best we can in making sure that we provide an effective, integrated Transport Canada policy in all areas that we are responsible for.

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#### MEMBER FOR SAINT-LÉONARD

**Mr. Chuck Strahl (Fraser Valley East):** Mr. Speaker, my question is for the Prime Minister.

There was a rather disturbing report in *La Presse* this morning about the government member for Saint-Léonard. Has the Prime Minister personally reviewed the RCMP file and security check on the member in question and, if so, could the Prime Minister assure the House that he is satisfied that there has been no questionable conduct?

**The Speaker:** Order. There are times when we get into very delicate issues in the House. I would remind all hon. members that in putting questions that there be in no way any hint of

attacking the character or integrity of another member of Parliament.

However these questions, as long as they are put within the concept or the precept of the administrative responsibility of the government, of course would be in order. This question I would judge to be in order and I would permit the right hon. Prime Minister to answer.

**Right Hon. Jean Chrétien (Prime Minister):** Yes, Mr. Speaker, I have thoroughly reviewed the situation.

When I became the head of the government, before I formed the cabinet I asked the police to review all members of Parliament on my side. They had a question mark about clients of the member, but they made no allegation against the member at all.

I asked the member if he had done something wrong and he said "no". He asked me: "How can I get this question mark out of my file?" I said: "Let's ask the police to go to the bottom of it". In January the Clerk of the Privy Council informed me that there was absolutely no allegation whatever against the integrity of the member who is the whip.

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

**Mr. Chrétien (Saint-Maurice):** Mr. Speaker, I know the hon. member. He was the whip of my party when I was in opposition and he was a very good whip. In fact, I asked him to serve again as whip and we can see the result of his work. We have cut \$5 million from the perks.

Another good example of how good he is in terms of administration was in 1988. When 55 new members were coming into the House of Commons, the previous administration spent \$1.3 million to move members around. This time, with 205 new members in the House, this whip managed to do all that and spent only \$185,000. He saved more—

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

**Mr. Chrétien (Saint-Maurice):** Parliament would be much better off if we had many more Gagliano here.

**Some hon. members:** More, more.

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

(1445)

**Mr. Chuck Strahl (Fraser Valley East):** Mr. Speaker, I thank the Prime Minister for that unequivocal statement of support for the member.

I believe there is nothing to these reports. Is there some value in the Prime Minister tabling both the preliminary report and the January report in the House so that speculation will be put to rest once and for all?

**Right Hon. Jean Chrétien (Prime Minister):** Mr. Speaker, there is the rule that we accept the words of a member. It is very unfortunate because I do not know where that leak is coming from.

*Oral Questions*

A leak like that casts a shadow of a doubt over somebody. This gentleman was cleared by everybody. I am surprised the question was even asked. There was a leak. There might be some people making allegations about something that is not true against any one of us here. Just because it is in the press there is a shadow of doubt which is terribly unfair.

In my opinion this gentleman has our support. He has been an excellent member of Parliament and has given me a very satisfactory explanation. I am very proud he is member of my caucus.

\* \* \*

[Translation]

**BIOVAC**

**Mrs. Pauline Picard (Drummond):** Mr. Speaker, my question is for the Minister of Health. On June 8, 1992, the BioVac company of Quebec submitted an application for the licensing of its BCG-cancer vaccine. After 22 months, this application is still pending. Connaught submitted an application for a similar vaccine on March 2, 1989, and a license was issued after 14 months. This delay in the licensing process is causing serious prejudice to BioVac which stands to lose important contracts.

Could the minister tell us what is delaying unduly the licensing of the Biovac BCG-cancer vaccine?

**Hon. Diane Marleau (Minister of Health):** Mr. Speaker, I cannot comment on what happened in the department before my appointment. However, I can tell you that there are many reasons why delays sometimes occur. In this particular case, I could try to get information and answer some time later. You can be assured that we are trying to serve the Canadian people in the best possible way.

**Mrs. Pauline Picard (Drummond):** Mr. Speaker, I would like to point out that I already put this question to the minister in the lobby, but that I am still waiting for an answer. I wish she would explain why the double standards, one for BioVac which, after 22 months, is still waiting for an answer from the department, and one for Connaught which got a license for its vaccine after 14 months.

**Hon. Diane Marleau (Minister of Health):** Mr. Speaker, I always try to answer the question of the hon. member. When I have the answer, I will give it to her.

\* \* \*

[English]

**PACIFIC SALMON TREATY**

**Mr. Ted McWhinney (Vancouver Quadra):** Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The most recent session of the 1993-94 Pacific salmon treaty negotiating round has failed to make any progress. The negoti-

ation with the United States once again is at an impasse. This impasse will have important conservation consequences in 1994 and in future years. It will also have bilateral fisheries and international relations consequences for Canada and the United States.

Would the minister please advise the House what further action the government will take to reach an agreement and to protect Canadian fishermen and Canadian resources under international law?

**Hon. Brian Tobin (Minister of Fisheries and Oceans):** Mr. Speaker, I thank the member for his question on this important and troubling negotiation.

We have done everything we can to move the negotiation forward and to avoid confrontation with the Americans on the Pacific salmon management plan this year. As recently as last week the Prime Minister raised this question directly with the President of the United States as an important unresolved matter between our two countries.

(1450)

I will be in British Columbia this week meeting with stakeholders in the industry and seeking their advice before Canada proceeds further on this matter.

I can say that the United States is indicating thus far it wants more access to Canadian salmon, to the tune of \$60 or \$70 million a year more access. It wants Canadian fishermen to have less access to our own salmon and U.S. salmon. In fact it wants the imbalance that has been in place over the last nine years to continue. I can tell the House that is not going to happen.

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**ELECTORAL BOUNDARIES READJUSTMENT**

**Mr. Stephen Harper (Calgary West):** Mr. Speaker, today as South Africans are voting in their first genuinely democratic election Canadian democracy has been taking a backward step.

Bill C-18 which is designed to block electoral redistribution until the next century has been roundly condemned in Canada, especially in British Columbia where it has been condemned by all parties, including B.C. Liberals.

My question is for the government House leader. Will the government withdraw its support for Bill C-18 now that public hearings are under way and thereby avoid possible constitutional challenges and an unnecessary confrontation with the Senate?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, we are satisfied the bill is constitutional. It has received the support of the House. I look forward to discussing the bill with members of the other place.

**Mr. Stephen Harper (Calgary West):** Mr. Speaker, I am obviously disappointed with this answer.

## Oral Questions

There has been considerable speculation about the motivation for this bill. The *Globe and Mail* reported on March 25 that the government House leader promised in a closed meeting of Liberal MPs in early March that he would block electoral redistribution in response to the partisan and political needs of Ontario Liberal MPs.

Will the minister confirm for the House that the meeting reported in the *Globe and Mail* took place?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, I think it is considered to be improper to question motives in this House. The hon. member should know this by now.

Questions have been raised about the suitability of the redistribution process in terms of its recognition of such things as community of interest, geography and so on, in many corners of the House and in many provinces.

Again I want to say I look forward to discussing the bill with members of the other place. When it comes to Ontario Liberal members, they showed in the last election they can do pretty well on their own.

\* \* \*

[Translation]

## CANADIAN HEMOPHILIA SOCIETY

**Mr. Pierre de Savoye (Portneuf):** Mr. Speaker, my question is directed to the Minister of Health, and I hope I will have better luck than the hon. member for Drummond.

A group of international experts was recently assigned to the Krever Commission on tainted blood to do a comparative study of the best blood supply systems in the world and make recommendations to improve the blood products supply systems in Canada.

Why does the minister provide very substantial amounts of money for these international experts, while the Canadian Hemophilia Society is still waiting to receive the money it needs to adequately represent its own members before the Commission?

**Hon. Diane Marleau (Minister of Health):** Mr. Speaker, Mr. Justice Krever who is in charge of the inquiry spends his money as he sees fit, and in fact, he hired these experts. We remain in touch with the commission, and I must say there have been no problems so far. The people who wish to take part in this inquiry have the right, as well as the funding they need, to appear before the commission.

**Mr. Pierre de Savoye (Portneuf):** Mr. Speaker, I beg to differ. The Canadian Hemophilia Society has to lay off staff because the minister has not granted the requisite funding, effectively putting a gag on the society.

Does the minister agree that appointing this committee of experts will do absolutely nothing to shed light on the tainted blood scandal?

[English]

**Hon. Diane Marleau (Minister of Health):** Mr. Speaker, when there is a judicial inquiry the head of that inquiry has much latitude. As far as I know, he is the one who engaged the committee of experts.

(1455)

The hon. member speaks of the Canadian Hemophilia Society which has asked for further funding. It is under consideration. However, to date none of the people who wished to appear before the Krever commission has been denied the funding necessary to help them.

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## HIV TESTING PROGRAM

**Mr. Myron Thompson (Wild Rose):** Mr. Speaker, my question is for the Minister of Health.

The government recognizes that inmates in federal prisons exist in medium to high risk exposure to AIDS because of the significant numbers of inmates who have a history of IV drug use, the continued drug use with unsterilized needles in prisons, inmates who receive tattoos with unsterilized needles, or engage in unprotected sexual relationships.

Considering the high cost in social and monetary terms AIDS imposes on society, why has this minister not instituted a concerted HIV testing program in prisons?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, I hope the hon. member will not mind if I answer his question. This is a matter pertaining to Correctional Service Canada.

Recently a blue ribbon committee outside of government studied the matter and made recommendations. The government through Correctional Service Canada announced it was accepting most of the recommendations, including measures to step up dealing with the problem of AIDS.

I invite the hon. member to look at that report and the response of Correctional Service. I hope he will get some satisfaction from it.

**Mr. Myron Thompson (Wild Rose):** Mr. Speaker, I have looked at the report the hon. minister mentioned.

In section 2 of that report, which I believe was prepared on February 4, it was stated loud and clear that the HIV testing program currently in place is sadly lacking in a number of ways.

Could the minister tell me what steps are being taken to improve the situation?

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada):** Mr. Speaker, it is my recollection that in response to the report Correctional Service is augmenting its testing program so that more is being done in that regard.

*Oral Questions***CHILD ABUSE REGISTRY**

**Mr. Bob Speller (Haldimand—Norfolk):** Mr. Speaker, my question is for the Minister of Justice.

I know the minister is aware of the injustices that have been committed against children in Canada and the many cases of child abuse. I know he would agree that for too long these offences have been hidden.

Will the minister commit to taking some immediate action to establish a national child abuse registry? Prior to hiring a person to work in a position of trust with children, it would require that an employer conduct a search to determine whether the applicant had previously been convicted of a sexual offence against children.

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada):** Mr. Speaker, I can give the commitment readily.

In fact as a result of work that the Solicitor General, the Minister of Health and I have done over the last several weeks, we are about to release an options paper during the month of May into the hands of interested parties across the country. It will set out specific steps we can take to put in place a registry of child abusers in the country.

Just this morning I met with Monica Rainey who has been the very active and very effective president of Citizens Against Child Exploitation. Her work and the message she brought me this morning serve to show the urgency of this undertaking. We have to protect children from repeat abuses by people who have been convicted of these offences.

The efforts we are making focus on both the short term and the long term. The first is to establish the registry perhaps through an adaptation of the CPIC system the police use for convictions. The second is to have an effective screening system so that employers who are about to hire people in positions of trust can find out whether they have been convicted.

I share the hon. member's sense of urgency on this issue. I assure him we are taking steps and our paper will be in his hands within the next four weeks.

\* \* \*

[Translation]

**ADVERTISING**

**Mrs. Monique Guay (Laurentides):** Yesterday, the Minister of Public Works and Government Services volunteered the information that Genesis Media Inc. had been given a one-year extension on its lucrative contract to buy federal advertising space. The contract, worth \$1.8 million, was extended by the minister at his discretion, without tenders.

(1500)

Considering the government's new code of ethics so often referred to by the Prime Minister, how does the Minister of Public Works and Government Services justify his decision to give a one-year extension for a contract worth nearly \$2 million without tenders and without consulting Cabinet?

[English]

**Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency):** Mr. Speaker, I thank the hon. member for an excellent question. The precondition that the government has set in the awarding of various contracts is the ability and the competency to carry out the work.

The hon. member should know that each and every day this company does approximately 1,500 transactions. It was virtually impossible for us to change that. We have extended the contract under the existing rules for a 12-month period while we conduct our review. Thereafter we will go to a tender and other companies that wish to opt for that type of business will then have an opportunity to make the necessary bids.

\* \* \*

**YOUTH EMPLOYMENT**

**Mr. Ted White (North Vancouver):** Mr. Speaker, my question is for the minister of human resources.

On April 16 a group of North Vancouver voters who had been selected at random from the voters' list reviewed applications for grants under the SEED program for the creation of summer jobs for students. The group rejected 16 of the 52 applications as being unsuitable use of taxpayers money.

Employment Canada is sending the rejected applications to the minister for review. Will the minister please assure the voters of North Vancouver that he will not overrule their democratic decision?

**Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification):** Mr. Speaker, I am not sure that the 16 individuals who were selected by the member represent the entire 75,000 people who live in North Vancouver, especially the high number of unemployed young people in North Vancouver who desperately want to find some way to get back to work so they can pay their expenses to go back to school.

\* \* \*

**VIA RAIL**

**Mr. Bill Blaikie (Winnipeg Transcona):** Mr. Speaker, my question is for the Minister of Transport and has to do with the revelation of a proposal made by Railex, an American transport company, for the purchase of VIA Rail infrastructure west of Winnipeg on the condition that all current VIA Rail employees be laid off.

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Would the minister like to take this opportunity to completely rule out at this time, on the floor of the House of Commons, in a very public way, any possibility of privatizing VIA Rail in western Canada and for that matter anywhere, but particularly given this proposal, in western Canada?

Could he also tell us when he will make public the recommendations of the task force that went around Manitoba in particular, that was conducted by the member for St. Boniface and the member for Churchill? What is the attitude of the government toward Railex's proposal?

**Hon. Douglas Young (Minister of Transport):** Mr. Speaker, I want to thank the hon. member for his question.

First, with respect to the proposal by Railex, it is not under consideration by the government. That kind of approach would not be one that we would have any sympathy for whatever.

With respect to the work of members of Parliament, members would know that they are free to conduct inquiries and to participate in making sure that their constituents' views can be heard on any matter. I look forward to hearing from the members who conducted the hearings the hon. member referred to in Manitoba and will certainly take them into account.

I want to make it clear that the exercise was not mandated by the Minister of Transport. However as we would for any MPs in the House who consult with their constituents, we will pay a great deal of attention to what they have to say.

\* \* \*

**PRESENCE IN GALLERY**

**The Speaker:** I wish to draw to the attention of members the presence in the gallery of the Right Hon. Donald McKinnon, Deputy Prime Minister and Minister of Foreign Affairs and Trade of New Zealand.

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

[*Translation*]

**The Speaker:** I would also like to draw the attention of the House to the presence in our gallery of Mr. Jean-Louis Roy, Secretary General of the Agence de coopération culturelle et technique.

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

[*English*]

**PEARSON INTERNATIONAL AIRPORT AGREEMENTS ACT**

The House resumed consideration of the motion that Bill C-22, an act respecting certain agreements concerning the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson International Airport, be read the second time and referred to a committee; and of the amendment; and of the amendment to the amendment.

[*Translation*]

**The Acting Speaker (Mr. Kilger):** I understand that, before Question Period, a question was asked of the member for Chambly. I will ask him to kindly complete his answer.

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, there seems to be some confusion. I answered the question. The member for Mississauga spoke after me on that.

[*English*]

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry):** Mr. Speaker, I appreciate having the opportunity to speak on Bill C-22 because as members know, this was an issue I was quite active on when in opposition and also during the campaign. Pearson International Airport is not directly in my riding but it is located in the city that I represent with many other Liberals.

I want to go back to the days when we opposed the privatization of Pearson International Airport and make it perfectly clear that when we told the then government we were against this particular project, the privatization of Pearson, we were very specific about our reasons.

One of the reasons we put forward was that Pearson International Airport is probably the largest profit centre the Government of Canada controls. I was just looking at some figures that my colleague, the Parliamentary Secretary to the Minister of Transport, handed me during question period. These numbers are taken from years 1991-92 and 1992-93 where the positive cash flow after operating expenses and capital expenditures was over \$50 million. That was during a period of time when revenues and travelling were down. In 1992-93 it was \$67 million and in 1993-94 the revenues were close to \$68 million again.

(1510)

If we go back to the mid and late 1980s there were a couple of years when the Pearson International Airport was generating



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close to \$100 million a year. We heard from the Conservative government at that time that if we let the private sector take over Pearson it could do a better job than the bureaucrats and the officials.

The position we took was that if there were management people out there who could do a better job than the bureaucrats who were at that time generating \$100 million a year, and even during the depression over \$50 million a year, that was interesting. Why not introduce us to these management experts and let us give them a contract as management consultants?

In other words, if they said that they could improve the cash flow at these airports from 51 to 60 or put some specific targets in place, let us give them a base salary and a percentage of what they would pick up as they increased the efficiency or the cash flow from what the officials or the bureaucrats were doing.

We thought that we could probably achieve everything that the government wanted to achieve: a better cash flow, renovate or renew the airport and clean up the parking lots without giving it away. That was the position we took.

I know that during the election campaign several people were involved in the airport transaction. They had actually come to me in my campaign office and said: "Dennis, listen, I hope you aren't as rigid on your view of Pearson". I would tell them: "I am as rigid today as I was then". I am not against giving people a contract to renew or construct new construction at the airport. I am not against using the private sector to do the food services, the parking lots, the cleaning services, all these things that the private sector can do better. However the thought of handing over a crown asset, a jewel in the crown, that essentially had the potential to pay for all of the renovation and renewal required in about a 10-year period out of the existing cash flow.

Again I felt that our position was constructive in opposition when we said: "Look, if there is room for efficiency we will accept that. There is always a possibility, but let's hire these so-called experts who can operate it better. Let's give them a contract but let's not give away the whole franchise. Let's not give away the whole store". If a business was doing well and somebody came along and said "I can improve your profits or your cash flow by 10 per cent or 20 per cent", it would say: "Sure, let's do it". However, if the person said: "No, no, no. I want to own the business. I want to take your business", there is not a member of Parliament who would go along with that deal.

Therefore the Prime Minister made the right decision during and after the campaign when he shut down this contract because it was not good in the long term interests of the Canadian public.

The thing that makes me feel bad about this contract is that we could have had that airport under construction right now if the people who had all of this expertise and all these plans on renewal and renovation had come in with a proposal that did not say we need to own it. It is a fact of life that we have to clean up

the parking lot and we have to do the renewal and renovation there and we could have had people working. It is too bad they did not take the compromised approach that many of us suggested. Hopefully we can get through the bill today and maybe get back to this with a fresh approach.

(1515)

There is another part of this contract that I did not like. I want to credit my colleague from York South—Weston for bringing this up. My colleague from York South—Weston as everybody in Canada knows really led the way on the debate on the merits of why we should not proceed with the privatization on this deal.

I will never forget one particular evening when we were in a meeting. It is like any family, some people in the room are for or against and take different positions on an issue. I remember the member for York South—Weston turning to someone in the room who had an awareness of certain contents related to the contract and he asked: "Is there a flip clause in this particular Pearson privatization contract?" The person said yes, at year 10 the owners have the opportunity to flip this. That is exactly what was said.

I remember all of a sudden the lights went on with all of us. We said: "Imagine if this contract had gone through, 10 years from now with the private owners of the Lester B. Pearson International Airport. Can you imagine what the people of Canada would have said if we had basically sold this airport to the Libyans or sold it to some other offshore group?" I remember we said jokingly that night that 10 years from now it will be called Gaddafi International.

Just the thought of selling the Pearson International Airport to an offshore group—if there were ever a piece of good, positive contribution to our community and our country as Pearson airport, to think that we would be so stupid as to construct a deal that would allow it to be given away ten years from now, there is just no contest on that point alone.

I am happy to stand in the House today in support of the bill. I want to say to the members of the Bloc Québécois who put forward an amendment today proposing that this go to a royal commission of inquiry that I know exactly where the Bloc members are coming from. They want to do a detailed analysis of the players, the participants, and who constructed this deal. If that is put into a royal commission mode that would go on for months and months and perhaps years, and it would cost literally millions of dollars.

The basic objective the Bloc members are trying to achieve could be done when we do the lobby registration bill. We need speedy passage of the bill so that we can start from scratch in renewing and renovating Pearson International Airport. Not only do we need it for creating immediate jobs but because Toronto is a major access point for tourism, trade shows and all kinds of other activities. It is not just in the greater Toronto area

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but in every other region of Canada. It is really important that we get on with that.

I hope when we come to the table the next time with the private sector it will understand that we respect its skill in terms of giving us advice on how we can manage the place. We would certainly want it to do the construction and everything else because that is not government's business. It also has to understand that in the long term interests of Canadians it is best that the Lester B. Pearson International Airport stay in the hands of the Government of Canada.

(1520)

[*Translation*]

**Mr. René Laurin (Joliette):** Mr. Speaker, I have a question for the hon. member for Broadview—Greenwood. He stated in his speech that, after realizing that Pearson Airport was profitable and that the private sector should no longer be party to this transaction, the government decided to cancel the contract. The member told us that the government would like the Pearson Airport to stay in the hands of the Government of Canada, but in the same breath, he added that, when it comes back to the table the next time with the private sector, it will seek better terms to make sure that the interests of Canadians are well served.

Are we to conclude from this analysis of the issue by the member that the government intends to turn Pearson Airport over to the private sector in the near future, while, for the time being, cancelling a deal signed with the private sector? The government would temporarily take over the airport to eventually put it back into the hands of the private sector, maybe in a few months or in a couple of years.

If that is the case, one must wonder what the government really intends to do. Is the government cancelling the deal only to hand out the airport to other individuals it likes better than the ones chosen by the previous government? I would like the member to clarify this point.

[*English*]

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, I appreciate the question from the member. I want to make it perfectly clear that we have taken a policy position. Not only was this particular airport contract flawed but the privatization approach that was used was not in keeping with our thrust.

We are not just cancelling this contract to walk around the curtains and give it to some other private sector group. We are looking at all types of options to make sure we get the best contract for Canadians, not just in the short term but in the long term.

That means that it may not be run out of the Department of Transport but maybe it could be quasi-crown organization. In no way, shape or form have I ever heard from anyone on our side that we are looking to shut this contract down so we just turn around and give it to some other private sector contractor.

I personally believe that the officials in Transport Canada have been doing a very good job in managing the Pearson International Airport. Is the member asking me can they do a better job? We can all do a better job. It does not matter what we are doing. Does it mean that maybe we should go outside and get some private sector advice on how we can increase the profits or do a better job to raise funds? I have no problem with that. What I am saying is: give the contract to the consultants. Let us not give away the farm.

**Mr. Bob Mills (Red Deer):** Mr. Speaker, I agree with the previous speaker that certainly Pearson airport is the hub of the Canadian airline industry. Certainly the building of an airline and a successful transportation network within Canada is dependent on the hub and spoke concept. It is perhaps the single most important airport. As I have mentioned, it is certainly an important part of the infrastructure of Ontario and of Canada as a whole. Therefore the outcome of any bill or action surrounding the Pearson airport is of utmost importance to Canadians.

(1525)

With this in mind Pearson airport must be a cornerstone in this whole planning process. Pearson International Airport operations generate some \$2 billion in personal income, \$4 billion in business revenues and \$700 million in tax revenue.

Pearson accounts for one-third of Canada's domestic flights and 50 per cent of all international and transborder traffic.

We all agree that the deal that was struck between the Conservative government and Pearson Development Corporation last year was unacceptable. This is an obvious example of the old style of doing business. We agree with the Minister of Transport's statement earlier today that the deal should quashed because of backroom dealings and other unscrupulous behaviour. If the minister is correct and someone other than the government of the day was responsible for the Pearson deal, the current government must not honour the contract. If the contract was influenced unduly by lobbyists, again the current government must not honour that contract.

I believe these facts to be true. For this reason I feel that it is a wise move for the current government to cancel this deal. To legislate an end to the fiasco and hopefully open the process of revamping Pearson airport is acceptable to me and my party. What is not acceptable is the clause of Bill C-22 which allows the minister to negotiate the payment of out of pocket expenses to the contractors. The Prime Minister promised before the election that he would cancel the entire deal. He has cancelled part of the deal, but now the hon. Minister of Transport is going

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to compensate those individuals who were involved in this sordid affair. The minister has done nothing to remove the secrecy surrounding this deal that began with the previous government.

Greg Weston of the Ottawa *Citizen* said in his March 9 column: "The Grits have managed the remarkable feat of turning a highly suspicious and secretive Tory deal into a highly suspicious and secretive Liberal cancellation process. A secret inquiry followed by current secret compensation negotiations". The government must not stop halfway on this issue by paying off those who were involved in this questionable affair. Quite simply, there should be no compensation whatsoever for anyone involved in this deal, period.

Many suspect excessive amounts of lobbying went on in the privatization of the Pearson airport, with both Liberal and Conservatives heavily involved. Key people include Charles Bronfman, Senator Leo Kolber, Herb Metcalfe, and many more. The list is some 50 people.

Liberals have appointed former provincial Liberal cabinet minister Robert Nixon and the Prime Minister's former law partner, Bob Wright, to lead the negotiations for compensation. The Liberal government with Liberal negotiators compensating Liberal backers is questionable at the very best.

What are the alternatives? This payoff of what has been reported could reach \$40 million, could be funnelled back into Pearson directly. With the money that we will pay back for this deal we could do a lot of things in that airport. Many of those things have been mentioned earlier today.

We could help the airline industry, currently struggling to become more efficient and competitive in the international market. As just one other example, permit me to talk a little about the runway construction at Pearson and the many things that have to happen there.

The runway expansion is the most sensible, cost effective way to secure the future viability of Pearson International Airport. For example, the first runway that is required by the airport is a new crosswind runway and this is needed as soon as possible because it will help to eliminate around 50 per cent of all the delays at Pearson. These delays cost the Canadian traveller a great deal of money as planes circle and use large amounts of fuel.

There has already been some \$30 million in preconstruction work invested in the north-south crosswind runway. A crosswind runway would greatly increase safety at Pearson airport. Recently pilots who fly into Pearson have cited the potential dangers of extreme crosswinds on the current runways.

(1530)

Pearson could also use the \$40 million the government is going to spend to buy off contractors to fund two east-west runways. That would raise Pearson to its optimum capacity and ensure the airport's place as an international hub.

Furthermore if this expansion does not occur traffic will soon have to divert away from Pearson airport. Currently there are no reasonable alternatives to expansion of Pearson. Moreover, attempts to divert traffic away from the Pearson hub will hurt the regional spoke communities. For many of these communities two-thirds of their traffic going to Pearson is connecting to another airport.

Finally these new runways can be built now without impeding any discussions on the future organizational structure of Pearson. Directing the money now slated to pay off contract expenses from the Pearson deal could be routed to runway expansion. It would create an estimated 2,500 construction jobs and up to 6,000 over the long term.

Therefore the bottom line is, like so many other decisions made by this government, the money that is to buy off a contractor could be put to good use in funding the expansion of one of Canada's most important pieces of public infrastructure, Pearson airport.

There are also international concerns which should be touched on. It has been reported in the *Financial Post* that one of those corporations seeking compensation is a Dutch government company called Schiphol.

Schiphol has filed a claim in Ontario court for \$7.5 million in damages for loss of contract. The Dutch airport authority has expressed shock at Ottawa's willingness to use its power to pass laws to nullify a valid contract.

I am not suggesting that this government retract its stand on rejecting such a claim. However I do wonder out loud how this government will deal with a firm such as Schiphol which is non-political and has a good argument that it had nothing to do with Canadian political nepotism. Will it be compensated for out of pocket expenses? Will it be compensated for its original contract? What are the political and diplomatic ramifications of these international concerns?

What we want most is a transparent government, one which does not make behind the scenes and closed deals as is the example in the Pearson deal.

**Mr. John Nunziata (York South—Weston):** Mr. Speaker, the hon. member raises concerns about other companies that may have been involved in good faith in this particular process.

I remind the hon. member that the contract on the redevelopment of Pearson International Airport was not signed until October 7, 1993. That was several weeks before the general

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election campaign and after the leader of the Liberal Party made it clear and unequivocal that if elected he would rescind or cancel the contract.

With that knowledge in mind, the consortium signed the contract. All the other people who might have a claim today would have had that knowledge. In the circumstances, does the hon. member not feel that those who participated in this particular unconscionable contract were the authors of their own misfortune as they knew the contract would be cancelled well in advance of the time it was signed? Does the member not think their claim for compensation is not founded on solid principle, moral and otherwise?

**Mr. Mills (Red Deer):** Mr. Speaker, I certainly agree with that. I would agree wholeheartedly with the member's comments that they knew better and they obviously should not be expecting any compensation.

(1535)

However, because some of these are international, and that is why I used Schiphol as an example, the diplomatic problem is possibly more important than the actual possibility of their getting any money out of the deal.

When other foreign governments start suing our government because they feel the government has interfered in business that is where, rightfully or wrongfully, the diplomatic problem comes in. That is why I used that example. Others could come up, certainly a number of the other airlines which had plans and had done some of their negotiating with that group. That is where the problem comes in.

In actual dollars it should not cost us anything. As I said I would not recommend paying a single penny in compensation to anyone.

**Mr. Nunziata:** Mr. Speaker, the contract was signed on October 7 and the member raises his concern about this diplomatic problem we might have.

If anything, the message was sent out loud and clear by the Prime Minister and the Minister of Transport when this contract was cancelled. The message was if you want to do business with the Government of Canada then you have to do it above board in a responsible and reasonable way and it ought to contemplate the public interest.

In this particular case Mr. Nixon made it abundantly clear that there were a lot of shady aspects to this particular deal. There were a lot of backroom negotiations and much manipulation. There were a lot of payoffs. Lobbyists were selling access. They were arranging meetings for very significant fees.

The hon. member talks about this particular company that might feel particularly aggrieved. One wonders whether it hired one of the lobbying firms involved. Surely as responsible business people they knew what was going on.

In any event would the member not agree their claim is not for out of pocket expenses but for lost profits? Any out of pocket expenses they may have incurred could only have taken place after the signing of the actual contract on October 7. After that of course they knew on October 25 the government would change.

Again would the hon. member not agree that any company that in any way shape or form was involved with this contract, or hoped to gain as a result of this contract knew very well that the contract would be cancelled even before it was signed? Therefore why would it expend one red cent when the writing was already on the wall?

**Mr. Mills (Red Deer):** Mr. Speaker, I repeat that I agree with those comments. They are legitimate comments.

In a discussion with the Dutch embassy just now it feels Bill C-22 unjustly punishes third party firms associated with Pearson. It says that the Schiphol airport authority being non-political should not be caught up in the whole Canadian political corruption the hon. member mentioned. According to the embassy it is saying the company from Holland feels it has a claim.

Again I get to the diplomacy. I am not saying that position is right. Obviously the courts will determine that. However it has filed a claim in the Canadian courts about this deal. Therefore it is obvious it feels this is not a dead issue and that it is not something it should not raise.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, I am more inclined to endorse the recommendations of the hon. member who spoke before the Reform member. I wonder which principles come into play. I can understand that there may have been companies which unfortunately entered in good faith into negotiations or made some kind of deal with T1 T2 Partnership Limited. But, getting back to what the Liberal member was saying, what reason would we have for compensating individuals who were truly involved in some kind of scheme against the government?

(1540)

If a group of criminals spends a substantial amount of money plotting to rob a bank and then screws up, the bank is not about to compensate those people for the costs incurred in the planning of the robbery. That is the principle I am having trouble understanding. I hope that the Reform member is not trying to tell me that we would be better off paying compensation to avoid lawsuits from foreign companies. Is that what he is suggesting?

[*English*]

**Mr. Mills (Red Deer):** Mr. Speaker, let me make it extremely clear. I am recommending we compensate no one involved in any part of this, including foreign companies that are now making claims in court. We should not compensate them. All I am saying is those claims are out there and it does not help our

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image. That is all I am concerned about. Do not compensate them at all.

**Mr. Nunziata:** Mr. Speaker, the third party contracts the hon. member refers to would fall within the definition of agreement under the bill. In effect the bill cancels or precludes any legal recourse whatsoever for all contracts whether they are with the consortium or other third parties who might have participated. I just wanted to make that point.

One further point is that the request for proposals dated March 1992 made it abundantly clear to all those who wanted to bid on this contract that the government was under no obligation to accept any of the bids. In fact the government reserved the right to reject any or all of the proposals and to elect not to proceed with the project.

All the companies involved in the bidding process, and perhaps this foreign company was one of them, knew in advance that any moneys they spent in preparing the proposal could very well have been money lost because the government made it clear in its bid for proposals it could elect not to proceed with the project.

**Mr. Mills (Red Deer):** Mr. Speaker, I agree totally with that comment.

**Mr. Joe Comuzzi (Thunder Bay—Nipigon):** Mr. Speaker, I am pleased to discuss Bill C-22 today. The essence of the bill is to put a fence around the problems surrounding the development of Canada's largest airport for the last number of years. It not only puts a fence around the problem in delineating a timeframe but it also goes on to speak about the type of compensation, if any, which is to be allowed to the successful bidders.

In the minister's statements today, lobbying fees, other costs and loss of profit are not going to be considered in the eventual solution to this problem.

It is interesting and I say with pride that there has been some continuity in the Liberal Party. From its inception we have opposed the concept of privatizing Pearson airport, even when we were sitting on that side of the House.

On June 12, 1989 in the recommendations of the federal caucus task force on the future of Pearson International Airport, my colleague who spoke a few moments ago stated in part: "It should never be allowed that Pearson be privatized. It should always remain as a viable and important part of the infrastructure of Canada. It should always be used for the public policy and in the public interest of all Canadians". That was in a report made by my colleague as far back as 1989.

This problem had its genesis when the government of the day decided it should privatize a new terminal that was being built at Pearson. As a result of that process a private consortium was allowed to build what we now know as Trillium or terminal 3.

(1545)

To this day, as hard as we worked when we were in opposition to find out the terms of that contractual arrangement between the owners of Trillium and the government of the day, we were not made privy to that very important document that allowed the first privatized terminal at Pearson airport.

We were told at the time that the reason for the privatization of terminal 3 was that Canadians did not have the means by which to expand airport facilities in that area. That had some semblance of accuracy. However we failed to realize at that time that terminal 1 could have been made into a more efficient airport with the expenditure of a few million dollars for modernization.

As they got on with the building and prior to the opening of terminal 3 we were advised that there was a move afoot to privatize terminals 1 and 2. The reason was that the government wanted, and this is a very important concept, to provide a competitive factor at Pearson International Airport in order to keep in balance the privatized interests that were operating at terminal 3 and terminals 1 and 2 under another entirely different corporate structure. This was to bring some balance for the best interest of the consumer who was travelling in and out of that airport. That was the reason it came forward with the privatization concept of terminals 1 and 2.

We had some concerns about the privatization concept. As a result of that the Liberals while on that side of the House entered into another task force proposal. That was done on September 12, 1990, one year after the first proposal. We found that the contract for terminal 3 had been entered into but there had not at that time been any designation of any airline that would use that airport.

I will quote from some of our findings of that task force. Please recall that in 1990 the airlines, as they are today, were experiencing severe financial difficulties. Part of the findings were that the airlines in the country, particularly Canadian, faced the dilemma that operationally it could not use terminal 3. At the same time Canadian could not afford to move into that airport. It would have been a financial disaster. That came from one of the leaders of the Canadian airline industry at that time.

We found as a result of that study in 1990, and these feelings were expressed in the House just prior to the opening of Trillium, that the cost of flying into terminal 3 would be prohibitive to the average Canadian consumer. Those of us who sometimes travel at government expense perhaps do not not

realize the cost of travelling as much as we should. However the cost of going into terminal 3 would have been prohibitive to the average Canadian wage earner in the country flying with his family or wanting to see the rest of Canada.

We knew that exorbitant rental fees were being charged. After terminal 3 opened there was almost a rebellion by everyone renting space in terminal 3. The costs of leases to the airlines and the the retailers were passed on to the travelling customer.

If terminals 1 and 2 are privatized, price increases can be expected for every consumer. Terminal 3 will set the pattern for terminals 1 and 2 should privatization be allowed. Either way, whether it is privatization with one consortium of terminal 3 and privatization by another corporate citizen of terminals 1 and 2, there will be one inevitable conclusion: The cost of travelling into Toronto, the largest airport in the country, will increase substantially. Those were our findings. Those were our recommendations. The government carried on, although we were sincere in trying to get it to change its mind.

(1550)

Let us see what happened after that. All of a sudden people showed up at some of our offices, including I am sure the office of my colleague who just spoke, saying: "We want to show you our proposal". This was long before the government asked for proposals for the privatization of terminals 1 and 2.

In 1991 people came to my office and said: "We would like to show you our proposals for terminals 1 and 2". I told them the government had not asked for proposals. The answer was: "Yes, but we are anticipating that this government is going to ask for proposals for privatization".

Finally, I believe in March 1992, the government asked for formal presentations for proposals for the privatization of terminals 1 and 2. As a result three proposals were made. The first proposal was by the then owners of terminal 3. That was not met with much favour because of the competitive factor that we wanted to maintain between terminals 1 and 3.

A very good proposal was submitted by the British Airport Authority which operates the airports in England and other places on the continent. It had some very good ideas that I think we should incorporate into what we are trying to do at Pearson today. However its proposal was shortlived. It did not meet with favour.

The third proposal was from a company called Paxport. Paxport always seemed to have the inside track for whatever reason. Eventually, as these proposal were being discussed, Air Canada made it known that Paxport made a proposal that interested it most and since it was operating exclusively out of terminal 2, Paxport was the proposal it would entertain.

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Going back to the original statement, competitiveness was always a factor in the privatization of terminals 1 and 2. The Paxport proposal was looked on with favour by Air Canada. Eventually something else happened.

Terminal 3 was taken over by a corporation called Pearson Development Corporation. The previous owner sold out interest to Pearson Development Corporation.

**An hon. member:** Who owns Pearson Development Corporation?

**Mr. Comuzzi:** Then Paxport disappeared, the one that was operating with favour. Where did it resurrect itself? Pearson Development Corporation. All of a sudden, having been given assurances by the government of the day that there would be competition at the airport in Toronto, as the government was getting close to awarding the tender we found that there was going to be no competition at Pearson International Airport. In fact the three terminals, terminal 3 which was called Trillium, terminal 2 and terminal 1, would all be under the direct control of Pearson Development Corporation.

**An hon. member:** A real monopoly.

**Mr. Comuzzi:** A real monopoly in Canada's main hub, the largest airport and our pride and joy in Canada. That move was just unconscionable.

We in the government kept expressing our displeasure at what we saw happening at the Pearson airport complex. We stated throughout the election, including when we were approaching October, that the Pearson privatization was not a rational, logical proposal for the public interests of Canada.

What was proposed for all other airports in the country was to put every one of them under what we called local airport authorities. That vested the local airport in each of our communities under a local control made up of non-profit oriented business people, men and women who would operate the airports in the best interests of their communities. That was not a bad idea and we supported that legislation.

(1555)

We asked the government of the day why, if local airport authorities were all right for Vancouver, Edmonton, Calgary, Winnipeg, Mirabel, Dorval and other airports in the country, they would not be good for Pearson International Airport.

The reason was simply that we were having a difficult time getting along with all of the jurisdictions that surround Pearson airport at the municipal level. That did not wash.

The second reason was that Pearson was such a strong international airport that it could not be left to the control of a local authority, although that did not apply to Dorval, Winnipeg, Edmonton, Calgary or Vancouver. The whole concept never ever made any sense.

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Those who knew about it most were those who eventually evolved from Paxport into Pearson Development Corporation. In June, July, August and September 1993 the issue became hotter and hotter on the political stage. Time does not allow me, Mr. Speaker, to give you some insight into the lengthy meetings with the lobbyists.

Former ministers of the government were getting into the bargaining process with the Pearson Development Corporation and the Department of Transport. When the lobbyists found out that it was slipping away they entered into a contract knowing full well that if there was going to be a change in government, the Pearson deal was going to be cancelled. That was the first move this government made and I am thankful that it was.

That brings us to where we are today. My colleagues in the House and I suspect that within the next four to eight weeks the Pearson deal will be cut, finished once and for all, and we can get on to doing the things that are necessary at Pearson airport not only for the benefit of metro Toronto and southwestern Ontario but for the benefit of the travelling public in Canada as a whole.

When we get rid of this problem and through to the eventual climax, we must look at the contractual arrangement that was entered into. A contract was signed on October 7 or October 8, 20 days before the election. That in itself was unconscionable. We talked today in the House about awarding compensation. Our minister, who is much more generous than a lot of us on this side of the House, said the government is not going to pay for lost profits and lobbying fees but it will look at out of pocket expenses in so far as the proposals were concerned.

Are we looking at the cost of making the proposals by the British Airport Authority which made an excellent proposal but was not given the opportunity to bid with any degree of certainty?

If we look at Pearson Development Corporation it is only just, equitable and right that we look at what the British Airport Authority did in trying to present its best proposal to the House and to the government of the day. We must also look at the other proposals that were made and see what costs were borne by them. That is just, that is equitable and that is right.

To be exclusive in looking at compensation for out of pocket expenses for Pearson Development Corporation alone is not the right thing to do. We should take in the whole gamut of all those who spent considerable time and expense in developing proposals.

In conclusion, I trust that in the next four to eight weeks my colleagues on all sides of the House will be happy to get this problem over with as quickly as possible in order to get on with the decision as to whether we need a north-south runway at Pearson and deal with the problems associated with two extra east-west runways. Let us get on with the problem of what is

going to happen to terminal 1. Should it be refurbished? It is a very good airport and accommodates eight or nine million people a year very comfortably.

(1600)

In so far as transportation requirements are concerned in the country, we have to start to get on track. We are being superseded by communities that are not even half the size of Toronto. We are falling backward because we are failing to act and failing to do what is necessary in not only airport transportation but in passenger rail service and finding an economical way of getting our goods to market so that we can be globally competitive.

I implore all of my colleagues on all sides of the House, let us get down to business, let us get Pearson over with as fast as we can, let us get on with making Pearson a world class airport that we can all be proud of. I know the government with the support of our people on the other side will work toward this very fundamental, vital role for this airport that will be to the benefit of all of us.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, I have trouble understanding the comments made by the hon. member for Thunder Bay—Nipigon. He seems in complete agreement with what has been said on this side of the House since this morning. The Canadian people, and the Quebec people among others, can testify to the barely concealed and unconcealable embarrassment of the speakers from the party in office with regard to Bill C-22.

We are told: "There has been scheming; acts that would otherwise be unquestionably criminal have been committed by politicians and business people. But let us forget about that, so that Toronto airport can be developed. Let us forget about all that and stop talking about it, as it does not make things move forward". Is this case as urgent today as it was on October 7? What is preventing us from getting to the bottom of this and looking at the facts? Is it the urgency of it, as the hon. member for Thunder Bay—Nipigon is telling me?

I understand the urgent need, at some point, to resolve this issue, but the members opposite seem to be trying to hide behind convoluted language and they almost get away with it. Some things need to be clarified. We must clear things up.

Why do they not want to clear things up? If no serious impropriety has been committed in this case, unlike what Mr. Nixon says in his report, the Canadian people will at least feel that the government then in office and the current government acted in their interest. Why refuse at all costs to get to the bottom of this?

I ask the hon. member for Thunder Bay—Nipigon to try to justify this behaviour, if he thinks he is still strong enough to do it.

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[English]

**Mr. Comuzzi:** Mr. Speaker, perhaps I did not make myself clear at the outset of my intervention today. I am not defending anything that went on in the past. I feel as my colleague does that there were a lot of things that went on with respect to the privatization concept that may one day be exposed.

I do not think that is our job today. I think our responsibility here today is to get on with the problem of deciding if there is compensation to a party, Pearson Development Corporation. Leave the problems of the workings of government and how they evolved for another day so it does not hamper what we want to do immediately. I have nothing to hide nor does this government have anything to hide with what we have done.

(1605)

If there is anyone who wants to hide anything I would suggest to my colleagues that the previous government should be answering to how it got us into this position at Pearson Development Corporation up to this point.

All we are trying to do, and I impress this upon my friend, is clean up a mess. A royal commission, I suspect that is what my friend is alluding to.—What is a royal commission? A royal commission is four, five or half a dozen independent people who have not perhaps been exposed to the problem before. They are funded. What is the price of a royal commission today? The last one I saw on transportation policy came out to be \$22 million. Do we need that type of venture today? Do we need that type of inquisition in order to tell us something that we already know? Are we prepared to spend that kind of money? We will have a report in 18 months or 24 months—that is what it takes to have a royal commission now—on something we already know.

I understand. I sympathize. I appreciate the comments the member just made but I am saying let us get on with the job. Get this thing over with and not only work here for Pearson International Airport, but work on behalf of every airport in this country.

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, I share the view of my Bloc colleague. I want to thank him for putting on the record the kind of sordid history of this whole mess.

I remember the need for disclosure that involved the Petrofina sale and I remember the cry of the opposition to the Liberal government of the day to provide the Auditor General with all details necessary to report fully on that purchase. I remember it refused to provide that. Then the government changed and as Canadians we heard the Liberal opposition demanding of the Conservative government to do the very same thing, to reveal all the financial details to the Auditor General so that he could make an accurate report to the public on the sale of Petrofina. That never happened.

The hon. member mentioned a contract that was let with regard to the development of the third terminal and that they had asked for the details of that.

Is the government prepared to provide information, to make a full disclosure on this? We do not need a royal commission of inquiry, but bring all the pertinent documents and table them in this House so that the public has access to them and the representatives of the Canadian people have access to those documents so that if we want to examine them we can or any interested body can make representation for that kind of information.

Would the member comment on that.

**Mr. Comuzzi:** Mr. Speaker, I would very much like to comment on that and I am pleased to hear the member say that we do not need a royal commission.

His question is so timely. We had a meeting this morning of the steering committee on transport. The Reform Party had I think two representatives there and we agreed unanimously that what we want the transport committee of the House of Commons to do is go into as much detail as we possibly can, to get as much information as we possibly can, to put it out on the table as fast as we can so that through this medium people in this House and people in this country will know exactly what kind of process was ongoing to strike that kind of deal that interfered with the rights of Canadians.

I hope that we can all learn a lesson on this side and on the member's side that we should never, if we represent the people in this country properly, allow ourselves to get into that kind of negotiating process again. I would be very upset if I saw anyone in this House get into that type of process of negotiation with such lobbying and such influence that it would be embarrassing to be a member of this government.

(1610)

I welcome that question. The information that the member is requesting will be forthcoming through the Standing Committee on Transport and his membership in his party.

**Mr. John Nunziata (York South—Weston):** Mr. Speaker, I want to compliment the hon. member for his submissions today. As a result of his submissions I am sure it is clear to everyone that he is one of the resident experts on Pearson International Airport, indeed on transportation issues.

I have always admired the depth of knowledge of my colleague. I am not only saying this because I happen to agree with him, but since his election to Parliament in 1988 he has distinguished himself as one of the foremost experts on transportation matters, in particular with regard to the Pearson airport deal. I know he provided me with a lot of advice on this particular matter.



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He and I share the opinion that it takes a lot of audacity on the part of Mr. Bronfman and other principals in the Pearson Development Corporation to put forward a claim of close to \$200 million for compensation—that is right, after all of the shenanigans that took place.

The hon. member has pointed out some of the aspects of the deal that caused Mr. Nixon to make the following conclusions: “My review has left me with one conclusion, to leave in place an inadequate contract, arrived at through such a flawed process and under the shadow of possible political manipulation, is unacceptable”. Mr. Bronfman has the audacity to put forward a claim.

My question for my friend and colleague is: Does he believe that they ought to be entitled to anything at all? In my respectful submission, Mr. Bronfman and the Pearson Development Corporation, as a result of everything that transpired, deserve to be told to take a hike. They are not deserving of a single red cent as a result of the unconscionable nature of this contract.

If he agrees on that being the case, would he not agree that—

**The Acting Speaker (Mr. Kilger):** Order. I am sorry, we do not want to extend the time too much longer. I would like to ask the member for Thunder Bay—Nipigon to respond, please.

**Mr. Comuzzi:** Mr. Speaker, I should respond by thanking first the member for those very kind remarks. I will try to be succinct. I think the starting point for these negotiations is just that, zero.

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot):** Mr. Speaker, the Prime Minister had promised to make public all the details regarding the negotiation of a privatization agreement concerning Pearson Airport as well as the agreement itself.

Instead, we have a study done by a former Ontario Liberal minister, behind closed doors, that explains that political personnel and lobbyists had a role to play, a role out of the ordinary, in the negotiation of this agreement. We have few details and nobody is being blamed. We must shed more light on this, and only a public inquiry can do it.

Till we know the role of the various players, that is to say governments, officials, political personnel, lobbyists and investors in these negotiations, and till we know who exercised pressure to have this deal signed come what may, even during the election campaign, we will not be able to determine whether investors are really victims that should be compensated, or players who managed to get a hasty signature, and therefore should not get anything from the public purse.

Since the government wants to appear open and show us that it functions in a transparent way, it should allow the royal commission of inquiry we have been asking for since the very beginning of this affair. We must shed light on a case which just might be one of the biggest patronage affairs in the history of Canada.

(1615)

I should point out that in the first few days of this government—I was hearing this morning comments sometimes odious, often uncalled for—the Minister of Transport was not against such an inquiry on the Pearson deal. Several Liberal members of the Toronto caucus were definitely in favour. However, they soon realized that friends of their party were also involved, not just friends of the Conservative Party, so the government and the minister backed down and went for a report prepared behind closed doors: the Nixon report.

There is no doubt, when you look at the people involved, that there were many lobbyists very close to the previous Conservative government. Let me name just a few. There was Pat MacAdam, a Conservative lobbyist and college friend of Brian Mulroney. There was Bill Fox, a Conservative lobbyist who is a former press secretary and personal friend of Brian Mulroney. There was Harry Near, a Conservative lobbyist and a long time party activist. There was Don Matthews, former chairman of Brian Mulroney’s nomination campaign in 1983, and also former chairman of the Conservative Party and of the party’s fund-raising campaign. There was Hugh Riopel, a lobbyist who was an important member of Mr. Mulroney’s staff. There was John Llegate, a close friend of Michael Wilson. There was also Fred Doucet, who has always been related to the Conservative Party in one way or another.

However, there were also Liberals, which probably explains certain things. This is probably why, in spite of all the promises made regarding an eventual royal commission of inquiry to find out the details regarding the privatization of Pearson Airport, such an exercise was not conducted with all the necessary transparency.

For example, the people involved included senator Leo Kolber, who made the headlines during the election campaign, when he organized for the current Prime Minister a very private dinner meeting, a simple affair where the cover charge was a mere \$1,000. Senator Kolber invited well-known personalities such as Charles Bronfman, who also happened to be involved in the Pearson dealings.

Also present was Herb Metcalfe, a lobbyist with the Capital Hill group, as well as an official for Claridge Properties and a former organizer for the current Prime Minister. There were others and there will be others such as Ramsay Whitters, a Liberal lobbyist closely related to the Prime Minister. There were all kinds of people.

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So, when I look at all this, I can understand that the Liberal Party of Canada did not want to embarrass its friends who probably indirectly contribute, through their interests in Canadian ventures, to the party financing, and this is probably why the government did not want to shed light on this episode.

The members opposite are upset because we name their friends and point out the major reason why such an indecent bill was tabled today by a government willing to let its friends off the hook, in spite of their involvement in the privatization of Pearson Airport.

The public has the right to know all the details surrounding this decision, and this is why the Bloc Québécois demands a public and independent inquiry which will shed light on these dealings. The situation is so serious in fact that the Minister of Transport himself stated that the federal government was considering setting up a royal commission of inquiry. The minister made that statement on November 29, 1993. It is true that new appointees are always full of good intentions when they take over a department. I suspect the minister was quickly called to order by his party's establishment.

We must not only mention the involvement of friends of the Liberal Party of Canada. There is also a whole series of strange, bizarre and even indecent things which have occurred from a financial point of view regarding the transaction as such, and these things must be pointed out. I will just name a few. We have examined the contract in its entirety and that is why it would be interesting to have a royal commission go over these incongruities together.

(1620)

First, the term of the contract. The term would be divided in two: a 37-year term, with the possibility to renew for another 20 years. What for? Why did the federal government accept to do this for the Pearson Airport investors at the time? To avoid paying an Ontario transfer tax whereby you have to pay some \$10 million in taxes on leases with terms over 50 years.

So, with the help of the federal government, the investors were able through that clause to circumvent the Ontario tax. Have you ever heard of a federal government conniving in defrauding provincial tax?

Second incongruity: the way the rent is to be calculated. It says in the contract that it can be calculated one of two ways. I will mention just one about which there are no less than ten oddities, ten seldom if ever used clauses in this kind of contract, especially for multimillion dollar transactions like the privatization of the Pearson Airport. The contract provides that PDC, Pearson Development Corporation, must pay 30.5 per cent of its previous year gross income to the government, up to a maximum of \$125 million of gross income. On any amount exceeding \$125 million in gross income, PDC would have to pay to the government 45.5 per cent of its gross income in rent.

Normally, gross income includes all income generated by the operation of air terminals but, in the case of the Pearson Airport, it excludes no less than 10 deductions considered as unusual in this kind of contract. The first one relates to taxes paid by consumers, passengers and occupants which are collected by Pearson Development Corporation on behalf of the government. Second, certain unusual items do not go into the calculation of the gross income, which is unusual. If you deduct these unusual items when calculating gross income, of course this will reduce the rent to be paid.

So unusual earnings were intentionally removed from the contract so that the Pearson lease could be reduced over the 57 years. The third incongruity in this financial deal is that other types of income provided for, while not extraordinary, are not usual and do not originate from regular terminal operations, including the sale of assets. In other words, again, gross leasing costs are reduced by exempting these unusual types of income.

There were other incongruities in the provisions on investment income. I will not go into detail on this as there are actuarial tables available, but I will say that this type of investment income provision is unusual in this kind of transaction. I could mention the discounts and refunds granted by PDC to airport tenants. I could talk about the money recovered and spent by the government to occupy parts of the airport, where inconsistencies and things that are unusual in this kind of deal were noted everywhere.

We could also talk about the amounts collected by PDC on behalf of the government or any other party, which is a rather unusual clause in this type of contract. I would also like to point out another clause whereby the federal government covered Pearson's debts although it was not involved in operations in any way. In other words, it covered bad debts although it was no longer involved in airport management. It is a disgrace, Mr. Speaker.

I could also talk about the \$70 million paid to Air Canada to convince it to support privatization. Imagine, convincing Air Canada to support a privatization project as inappropriate and unusual as the Pearson airport deal.

(1625)

We could also mention the severance allowance for employees of Transport Canada. The Government of Canada had offered severance allowances to 160 of its employees, although their jobs with Pearson Development Corporation were guaranteed for two years, under conditions similar to those in their current jobs. This severance allowance was supposed to cost Canadian taxpayers the trifling sum of \$5.5 million.

It is also appalling to see, especially in a transaction of this nature, the total lack of any financial analysis, of any sound and independent projections of the main parties' revenues, and I am referring to the two investment corporations which later

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merged, and also the lack of any analysis of these investors' status. When we look at Paxport and the other party to this transaction, it is clear that all was not rosy. The financial situation of Paxport was appalling.

So we could talk about all kinds of anomalies, and we could go on for ever, because when you look at the fine print, there are always questions that arise regarding this deal.

So by going ahead with the bill before the House this morning and by refusing to conduct a public inquiry into this matter, the government has lost its credibility, a government that during the election campaign claimed that it was going to restore the confidence of citizens in government by opting for transparency and integrity. I think they are off to a very bad start.

I think it is time Liberal members opposite, who look rather depressed by the course of events, decided to wake up. It is time they did, because my colleagues and I have the impression they are being manipulated by the establishment of their party and by their minister who comes to caucus meetings with instructions to vote for this and support that and do the other. They are mainly being manipulated by the leaders of the Liberal Party establishment.

I beg them to wake up, because the public is starting to wake up. It is fed up with patronage and money going to the friends of the party, fed up with the lack of policies for public funding, fed up with the lack of transparency and integrity—in other words, fed up with people who for years criticized the previous government's lack of integrity in condemning a deal which they practically endorsed, because friends of the Liberal Party of Canada are involved, and they are directly involved.

For all these reasons, I will vote against Bill C-22, and on behalf of my colleagues, and the Leader of the Opposition made the same request this morning, I ask that a royal commission of inquiry be appointed to investigate this matter.

Thank you, Mr. Speaker, and I hope my colleagues opposite wake up some day, because their behaviour today is irresponsible.

[*English*]

**Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport):** Mr. Speaker, the statements made by the hon. member are, to say the least, absolutely unfounded. To accuse this party, that did what it said it was going to do and cancelled the deal, and call us puppets, is absolutely ridiculous.

We are not the party that is trying to abrogate its responsibilities to the Canadian public. We are, by this legislation, doing what we promised before the election and what we promised since we have been elected: cancel the deal because we knew it was not in the public interest. Even the Bloc admits that the process is bad and that the substance of the agreement is not good.

I wish the member would be a little more generous with his terms. It was his leader who was party to that gang of hoodlums, as we knew the previous government, for a good many years. I am getting sick and tired of listening to your hypocrisy, pointing fingers here—

**The Acting Speaker (Mr. Kilger):** Order. I would like to remind members to direct their interventions through the Chair, please.

(1630)

**Mr. Fontana:** Mr. Speaker, through the Chair, he is a hypocrite and so is his leader and—

**The Acting Speaker (Mr. Kilger):** Order. That is not acceptable. The Chair will ask the parliamentary secretary to withdraw that unparliamentary remark.

**Mr. Fontana:** Mr. Speaker, it is only unparliamentary when it is not true. I will not withdraw the comment because we are taking all kinds of accusations—

**The Acting Speaker (Mr. Kilger):** Order. I know that members feel very strongly about issues that they bring to the floor of the House. By and large each and every one of us conducts ourselves in a respectful manner to uphold the traditions of this House and I think also to fulfil the expectations of our constituents across this great land of ours. In the Chamber at times there is a great deal of passion in our discussions and deliberations, but I would ask the Parliamentary Secretary to the Minister of Transport to reconsider and to withdraw that remark.

**Mr. Fontana:** Mr. Speaker, I do withdraw the remark, my apologies to the House.

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

**Mr. Fontana:** I would hope that the member on the other side would find it possible not to also send out derogatory remarks such as calling members on this side of the house puppets because that is impugning the character of members on this side of the House.

The Bloc has put forward an amendment and a proposal asking for a public hearing. I want to know how the member can justify the great delay that would take, the great expense that would also entail and would it not be prudent to put this behind us? The bill is pretty clear as to what we will pay and what we will not pay. We will not pay lobbyist fees, we will not pay loss of profits, loss of opportunities but we will pay out of pocket expenses. The bill is pretty explicit. In fact it says that we negotiate on those terms. If we cannot negotiate on those terms, 30 days after proclamation there in fact will be no further negotiations and the people will get nothing.

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The Bloc talks to us about fiscal responsibility, talks to us about transparency, talks about getting on with building this country, building Pearson and so on. How can it put forward a proposal that will cost the Canadian taxpayers more money, not less money, and in fact delay the process even further?

**The Acting Speaker (Mr. Kilger):** Before I recognize the hon. member for Saint-Hyacinthe—Bagot, I want to express on behalf of all chair occupants my respect and appreciation to the member for London East for his reconsideration and withdrawal.

[*Translation*]

**Mr. Loubier:** Mr. Speaker, I accept my colleague's apologies.

Why should we convene a royal commission of inquiry? I will give you several reasons why. First, to respond to the recommendations of Mr. Robert Nixon who brought to light a number of irregularities. At one point, he said that lobbyists had played a very crucial role in this whole affair, along with friends of the Conservatives and the Liberals.

Therefore, a royal commission would shed some light on this deal and would perhaps prompt the lobbyists running around on Parliament Hill trying to influence ministers, members, caucuses and the Prime Minister to behave as good citizens, not as schemers acting in cahoots with former senior officials with close ties to the Liberal Party.

If the collective conscious of the members opposite is clear, why are they so reluctant to convene this royal commission of inquiry, in keeping with a recommendation made not so very long ago by the Minister of Transport? Why do they refuse to set up a royal commission? Second, I find my colleague to be somewhat of a complete cynic when he states that, with this bill, the palms of those who likely benefited from other projects, albeit perhaps not on the same scale as the Pearson deal, will no longer be greased. Once a professional lobbyist, always a professional lobbyist, in so far as federal areas are concerned.

(1635)

How can he say that no more palms will be greased as far as this project is concerned, when it is stated that the Minister of Transport can choose whether or not to compensate the parties involved and when the final decision as to the amount of compensation to be paid, and to whom, rests with him? Imagine, he enjoys a virtual dictatorship.

Therefore I would ask my colleagues not to be so cynical and to stop boasting.

**Mr. John Nunziata (York South—Weston):** Mr. Speaker, I want to say to my colleague that I agree with him that a royal inquiry is needed.

[*English*]

I want to say to the member that I agree with him and his party in their request for an inquiry into this matter, especially in light of what Mr. Nixon had to say.

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

**Mr. Nunziata:** I want to quote again from Mr. Nixon's report: "To leave in place an inadequate contract arrived at through such a flawed process and under the shadow of possible political manipulation is unacceptable".

He goes on to say: "The role of the lobbyist was extensive, going far beyond what I consider to be appropriate activities of consultants that are available to businesses to approach government".

One could almost conclude that the activity bordered on the criminal. Mr. Nixon conducted his report—I have considerable respect for Mr. Nixon—in private, his investigation in private. While we were in opposition and while in government we complained about the process that led up to the signing of the contract with the Pearson Development Corporation.

Mr. Nixon conducted his hearings in private. Mr. Wright now is conducting the negotiations in private and in my respectful submission I want to say that in order for Canadians to understand exactly what happened, Mr. Nixon did not name any names and perhaps names should have been named publicly so that Canadians can come to a conclusion on whether compensation ought to be paid.

We are being told here by this bill that there should be some compensation for out of pocket expenses. In my submission there ought to be no compensation at all.

With an inquiry or if Canadians are apprised of the total facts in this particular situation they too, I believe, will agree that no compensation is necessary.

I would like to put a question to my friend from the Bloc Quebecois. Would he not agree with me in light of the information that he has available today that there ought to be no compensation at all?

If that is the case would the Bloc Quebecois support an amendment that would delete paragraph 10 from this bill which is the paragraph that allows the minister in effect to have a blank cheque in order to pay out of pocket expenses?

[*Translation*]

**Mr. Loubier:** Mr. Speaker, my party will examine the hon. member's suggestion on its merits. One thing is for sure, we welcome the hon. member's remarks and we are relieved to see that not all the members opposite are puppets or marionettes.

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, first of all, I would like to congratulate my colleague from Saint-Hyacinthe on his brilliant speech, in

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which he set out troubling facts arguing for a royal commission of inquiry.

I would also like to make a comment about my colleague and friend, the hon. member for London, who spoke against a royal inquiry. He also accused our leader of using unparliamentary language and linked him to decisions made by the previous government which went along the lines of the decisions concerning Pearson Airport. I think he should reconsider and agree with us on the need for a royal commission of inquiry. Then, he would see who the real players were, on both the Conservative and Liberal sides. He would understand better why it is so important that all the information be made available to the public.

(1640)

So, I would invite my colleague, as well as his colleague, to support this request for an inquiry. I think that, following tomorrow's caucus meeting, the government members will sing another tune. I am convinced that, by tomorrow afternoon, they will readily support the Bloc Québécois amendment proposal.

**The Acting Speaker (Mr. Kilger):** It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Leeds—Grenville, Ethanol; the hon. member for Lévis, Youth Action Plan; the hon. member for Kamouraska—Rivière-du-Loup, VIA Rail.

[*English*]

**Mr. John Nunziata (York South—Weston):** Mr. Speaker, I am pleased to have the opportunity to make some submissions with regard to this bill before Parliament, Bill C-22.

As a member from metropolitan Toronto I took a particular interest in this matter not only during the election campaign in the fall but indeed a number of years before when I chaired a federal Liberal Party task force studying the future of Pearson International Airport.

The committee submitted its report on June 12, 1989 and in this particular report we concluded that it would be a mistake to proceed with privatization of any of the terminals at Pearson. We as a party have maintained that position throughout the last number of years.

Much to our chagrin the previous Tory administration decided in its wisdom, if you will, that it would privatize terminals 1 and 2 at Pearson, having already allowed private interest to build and operate terminal 3.

It became abundantly clear over the last year and the months preceding the general election campaign that what was happening with regard to the privatization of the airport terminals was that Tory ministers and, I would submit, the Prime Minister,

Mr. Mulroney, and Prime Minister Campbell knew exactly what was going on with regard to the privatization and in fact gave their blessing to a process that Mr. Nixon would subsequently call flawed and have a lot of very strong comments on.

The negotiations took place behind closed doors. The deal was consummated in the shadows. Lobbyists were involved. Lobbyist earned hundreds of thousands if not millions of dollars as a result of what was occurring.

I keep repeating Mr. Nixon's quotation: "My review has left me but one conclusion, to leave in place an inadequate contract, arrived at through such a flawed process and under the shadow of possible political manipulation, is unacceptable". He went on to say: "The role of the lobbyist was extensive, going far beyond what I consider to be appropriate activities of consultants that are available to businesses to approach government". He also pointed out in his report that senior transport officials were replaced when they objected to the contract.

Imagine, the previous government when faced with bureaucrats who had as their preoccupation the public interest objected to this particular contract. They in effect were constructively dismissed from their positions and put elsewhere. They were replaced with people who would agree with a contract that in effect rewarded Tory loyalists and supporters.

During the election campaign the government, indeed the consortium, recognizing that the Conservative government was on its last legs, tried to and in fact did sign the contract on October 7, 1993, two and a half weeks before the general election.

(1645)

It thought that having signed the deal the new Liberal administration would not cancel the contract. It had another think coming because during the election campaign the Prime Minister, as the leader of the Liberal Party, made it clear in advance of the signing of the contract that if elected he would cancel the contract.

He said on October 6: "I challenge the Prime Minister to stop the deal right now". He went on to say: "You do not make a deal like that three weeks before an election when hundreds of millions of dollars are at stake. We will not accept it. I am dead serious. To anybody involved in that, I say: 'Don't get too excited tomorrow. We will review the deal when we form a government. If it is not a good deal, we will not proceed'".

He also said: "It is the Mulroney mentality at its worst. They are really trying to put one over on us at the last minute and I say it is totally unacceptable". This is the Prime Minister speaking in the election campaign: "I am warning everyone involved that if we become the government we will review this transaction. If necessary, legislation will be passed to overturn the deal".

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What could be more clear from the Leader of the Opposition in advance of the signing of the deal? What could be more clear that his government would cancel the deal? To have Mr. Charles Bronfman and the consortium come to the taxpayers of Canada, cap in hand, after doing what they did to get this deal signed and after signing the deal when warned by the man who was destined to become the next Prime Minister, for them to come seeking \$200 million from the taxpayers of Canada, that takes a lot of balls. It takes a lot of audacity to do that.

I say shame on Mr. Bronfman and shame on his corporation for having the audacity to do that after what Mr. Nixon had to say and what the Prime Minister had to say when he was the Leader of the Opposition.

This bill allows for limited compensation. I have to take exception to any compensation being paid at all. No one has established why any compensation should be paid. All kinds of reasons can be given. We have heard from various members as to why there ought not to be any compensation at all. I have not heard anybody say that because they were acting in good faith or because they expended money unbeknownst, they were innocent, they deserve some compensation. I have not heard that reason.

There is not a reason. That is why members have not heard any justification or rationalization or rationale for paying the Pearson Development Corporation any money at all. For that reason I believe that paragraph (10) which allows the minister to pay compensation should be deleted from this bill.

I would urge members of the committee who study this bill to delete paragraph (10) because that is the paragraph that empowers the minister, in effect gives the minister a blank cheque, subject to no compensation for lobbyist fees or lost profits but short of that, to compensate not only the Pearson Development Corporation but everyone involved with them for out of pocket expenses.

I would submit that it would be unconscionable if they were paid any money whatsoever not only because of what was said during the election campaign, and what happened behind the scenes, but also because of the very clear statement and the request for proposals that was put out in March 1992. At paragraph (8.6.3), it says this. Again Mr. Bronfman and all those who were participating in this contract were well aware of what was in the request for proposals.

It said: "All costs and expenses incurred by proponents relating to proposals will be borne by the proponents. The government is not liable to pay for such costs and expenses or to reimburse or to compensate proponents in any manner whatsoever for such costs and expenses under any circumstances, including the rejection of any or all proposals and the cancellation of the project".

(1650)

What could be more clear than the statement in the request for proposals that said to all those who wanted to contract with the Government of Canada, that wanted to enter into this contract, that you are doing so at your own risk, that not only might your proposal be rejected, but even if it does happen to be the best proposal the government reserves the right not to proceed with the project.

Why then would there be any compensation at all? The request for proposals goes on to state at paragraph 8.7.1: "The government has the right, number one, to reject any or all of the proposals; number two, to accept any proposal, and three, to elect not to proceed with the project, all as it so determines in its sole and absolute discretion".

What could be more clear? If that is the case and they were all aware of what they were doing, why would the poor taxpayers be requested to pay anything at all to the Pearson Development Corporation, which is majority owned by billionaire Charles Bronfman from Montreal?

That is the question the committee and Parliament has to grapple with. I would submit that the overwhelming majority of members of Parliament would agree that in the circumstances there should be no compensation.

There is a Latin phrase which says: "Ex turpi causa non oritur actio". It is something they taught us in law school way back in first year. When you go to court you have to go with clean hands. You cannot be the author of your own misfortune or you cannot be party to a fraudulent transaction, or you cannot be culpable in any way, shape or form and then expect to go to the court to seek out justice, equity or compensation.

It could hardly be said that Mr. Bronfman and the Pearson Development Corporation and its predecessors, Paxport and all those involved in putting together this unhappy and unfortunate transaction were not aware of what they were doing and what was going on behind closed doors.

The Canadian people were hoodwinked by the previous Tory administration. We were told for example that there would be competition at the airport and yet the contract was awarded to a friend of the Prime Minister, Mr. Mulroney. Then, for financial reasons, he goes to Mr. Bronfman and says: "I can't carry this out". Mr. Bronfman, who owns terminal 3, all of a sudden becomes the monopoly owner of all the terminals at Pearson International Airport.

Where was the public interest? Was there anybody considering the public interest throughout this whole sorry matter? I would submit not. There were a lot of people who were more concerned and people who are presently before this Parliament seeking compensation, were more concerned about somehow gathering and squeezing out of the taxpayers as much money as possible. They were prepared to border on activity that could be

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conceived as criminal or fraudulent in order to strike a deal which, as I have said, is totally unconscionable.

All the responsibility lies with the previous administration. The present Prime Minister made it clear during the election campaign that he would cancel the deal and that is what he did. No one could ever call into question the integrity of the Prime Minister as far as the cancellation of the Pearson contract deal is concerned. He conducted a review. The review took place and the deal was cancelled. In effect, the deal was cancelled on December 3, 1993. The bill before Parliament today gives legal effect to the decision of the Prime Minister on December 3. It goes further. While I agree in principle that the deal ought to be cancelled, I disagree fundamentally with compensation being paid pursuant to paragraph 10. More important, I disagree with the proposition that Parliament be called on to discuss, in effect, a proposal that we do not know about.

(1655)

The consortium led by Mr. Bronfman has put forward a claim. I would submit that the people of Canada are entitled to know exactly what that claim is. Where is the claim? What exactly does he want to get paid for? We know he is not going to get paid for lost profits, but he is still seeking, reports indicate, some \$30 to \$35 million in compensation for out of pocket expenses.

Before Parliament can effectively deal with this matter, the committee should request and Parliament must have a detailed listing of exactly what the compensation is for if Parliament is to give the consortium anything at all. In my submission it ought not to be given anything.

I hope the minister is not prepared to sign a cheque to the consortium and keep the taxpayers in the dark as to what the cheque is for. I have considerable confidence in the integrity of the Minister of Transport and I know he will not allow that to happen, and that the claim will come before Parliament. At committee I hope a request will be made that whatever claim is being made the details will be put forward.

Those are my submissions on the issue of compensation. I agree that the deal has to be cancelled by law. It is obvious that the consortium, the Pearson Development Corporation, will not simply walk away. It should, in effect, be told to take a hike but it appears it is not. It is pushing the issue.

The other issue that has to be dealt with is the future of Pearson International Airport. In the few minutes remaining I want to make a few comments about that.

Having decided to cancel the transaction, the government now is faced with making a decision as to what ought to happen at Pearson International Airport. The debate will decide ultimately whether a private group, a local airport authority, should control Pearson or whether Transport Canada should continue to have

direct control over a federal government asset that generates close to 100,000 direct and indirect jobs and is responsible for billions of dollars in economic activity.

A more thorough debate will have to take place but in my respectful submission, given the importance of Pearson airport to the national economy, to the national transportation system, the Government of Canada should continue to have direct control over Pearson through the Department of Transport. We ought not to transfer responsibility to a local airport authority. A local airport authority would be concerned primarily with the local area of metropolitan Toronto, in this case, as opposed to the impact that Pearson will have on the nation as a whole.

I hope the minister at some point will allow Parliament to deal with the greater question of the future of Pearson International Airport and who should control it. I think most members will agree that it ought not to be privatized, that that is a mistake. Our main international airport should not be handed over to the private sector for private profit and gain.

We all want to see Pearson refurbished but some say that the government simply does not have the money to refurbish Pearson. That is not quite true. Looking at the profit and loss statements of Pearson International Airport over the last 10 or 20 years and in particular over the last few years when we were in the midst of a recession, the airport in effect has been making significant profits. Those profits could be used to refurbish.

(1700)

Some 20 million passengers travel through Pearson annually. If push came to shove, given the numbers of passengers, if a \$5 fee were levied to refurbish Pearson which is not unreasonable then the necessary funding could be received without having to privatize the airport.

Given the importance of Pearson, the task force I was part of recommended that a royal commission of inquiry look into the future of Pearson International Airport, its purpose and use, the problems with air traffic control, the need for additional runways and their environmental impact. I do not believe we can look at any one aspect of Pearson in isolation from the overall picture.

I urge the minister to engage this Parliament in a debate as to the future of Pearson and what the best mechanism will be to determine what route should be taken.

In closing let me reiterate this bill must be amended to make it absolutely clear that no compensation should be paid whatsoever to the Pearson Development Corporation. In any event, before this Parliament can effectively deal with this bill the claim that is being put forward by Mr. Bronfman should be made public so the taxpayers of Canada know exactly what the nature of the claim is.

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[Translation]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Mr. Speaker, I would like to commend the hon. member for his clear presentation. I think that he knows the issue quite well—that is pretty obvious.

I would like him to tell us what effect it will have on the people of Quebec and Canada not to hold a public inquiry in a situation like that, if, as it seems very clear, there were many underhanded dealings in this case, many people who took advantage of the over-representation by lobbyists and the questionable lobbying practices.

So I would like to know from him what he thinks the impact on the public and on the future of the present Liberal government would be if we were led to believe that it is a free-for-all and that we will continue to operate with the same kind of system, and at the same time, what message does it send to those who are not part of this wonderful system where special contacts and having friends in the right places are what counts.

For ordinary people who are caught in the current economic bind, with all the attendant difficulties, and who are being hit with an increase in the number of weeks needed to qualify for unemployment insurance, for example, what message does it send when a whole government tolerates such situations and would let them be by not holding a public inquiry that could clarify matters?

[English]

**Mr. Nunziata:** Mr. Speaker, I can tell the hon. member that the Prime Minister promised integrity in government. Last year on December 3 he sent out a very clear message to all those who would like to do business with the Government of Canada. That message was if you wanted to do business with the Government of Canada the public interest must be paramount, public concern must be discharged and he would not hesitate to denounce and cancel any transaction that was consummated in a fashion contrary to that public interest.

To his credit the Prime Minister has always maintained there ought to be fairness and equity in deliberations with the Government of Canada. I think that message has been well received by the people of Canada.

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, it seems clear that clause 10, including all of its subclauses, is a means by which compensation is going to be paid. That seems to be clear. Therefore one can conclude this clause is a direct result of representation being made to the government by someone.

(1705)

Consequently what appears to be happening is that compensation is going to be paid. Someone has made application to the government for compensation and probably the sums have been clearly articulated. Through clause 10 this document is going to allow for that payment to be made.

The hon. member has laid this out so well and he seems to be clearly in opposition to what his own government is doing. Would the hon. member respond to what appears to be surfacing, that the application for compensation has been made, the legislation is in place under clause 10 to provide for that compensation and there is nothing we can do about it.

**Mr. Nunziata:** Mr. Speaker, I disagree. I think there is a lot we can do.

This bill is before Parliament. We are all parliamentarians. We have a responsibility to make sure this bill discharges the public interest. I expect all hon. members who feel as I do to speak out for the repeal of clause 10 in this bill.

If you read clause 9 of the bill it says that no one is entitled to any compensation from Her Majesty in connection with the coming into force of this act. This makes it clear that the deal is cancelled, but I have very serious reservations about clause 10.

The hon. member is correct. It is the vehicle by which a cheque could be written to Pearson Development Corporation and that is wrong. In my view it ought not to be paid anything.

I am not part of the transport committee, but I expect and hope that members of the transport committee will move an amendment rather than being sidetracked on issues such as a royal commission. That is a separate issue. With regard to the bill before Parliament, I hope that hon. members will move an amendment to delete clause 10. The deletion of clause 10 in effect will not allow for any compensation at all.

[Translation]

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, I would like to commend the hon. member for York South—Weston for his frankness and courage. Unfortunately, we have not observed the same qualities in all members of the party opposite.

I would like to ask the hon. member if he thinks, based on his experience, which I have tremendous respect for, because he has been in this House for a long time now and his reputation and honesty are well established, and based on the legislative program presented to us or which we can expect, if we will have a chance, as the hon. member for Thunder Bay—Nipigon said earlier, to review this whole Pearson Airport saga, especially when the famous legislation on conflicts of interest or lobbies on Parliament Hill is presented. In any case, it is rather hard to get an idea of what kind of legislation is coming, but I think that



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he knows to what legislation I am referring. Does he think that we will then be able to deal with all that, as the hon. member for Thunder Bay—Nipigon said?

[*English*]

**Mr. Nunziata:** As I indicated earlier, Mr. Speaker, it is important that all the details of the Pearson deal be made public. I am not sure what vehicle should be used, but all the documents should be made public.

Mr. Nixon made some very strong comments but he did not go into the details. The details are necessary so we know for example exactly which lobbying firms in Ottawa were part of the deal and which individuals who are presently dealing with the Government of Canada partook in an activity Mr. Nixon found to be totally unacceptable. Public interest requires all those details to be made public. For that reason I support an inquiry.

(1710)

The transport committee could conduct an inquiry. A three-month royal commission with a limited mandate and a limited budget could serve the same purpose. Or, Mr. Nixon who has already been involved in this matter could conduct the inquiry in an open fashion so that all the evidence could be heard and Canadians would know the exact details.

I do not think the decision or the desire to pay them compensation can be adequately discussed or debated unless we rely on the details presently available. As I said earlier based on the information I have and the statements made by Mr. Nixon, my conclusion is that there should be no compensation at all.

For future reference, given that we will be discussing an ethics package before Parliament, this deal could serve as a very strong example of how governments and lobbyists can harm the public interest in its deliberations and the type of activity that ought to be avoided.

**Mr. Art Hanger (Calgary Northeast):** Mr. Speaker, I appreciate the opportunity to speak on this issue. I certainly appreciate the member's comments in opening up the matter quite clearly for all of us. I also hope this will peak the interest and raise the ire of Canadians across the country.

The privatization of Pearson airport and this government's hasty reversal of the privatization decision smacks of a political soap opera with very real consequences for the people involved, for Torontonians and for all Canadians. At this rate the soap opera will not have a happy ending.

The privatization of Pearson was a complex animal right from its conception. One of the reasons is that it was all done behind closed doors. It was a decision which grew more complex with

the passing of time and the ever increasing involvement of political players.

Now Bill C-22 comes along. It is not really a complex piece of legislation on the face of it. However the simplicity of its prose I am afraid masks what many believe is a complexity of intent on the part of the government.

Needless to say the Reform Party supports the cancellation of the privatization deal for Pearson, despite the fact that privatization of most if not all government industries would represent a great leap down the road to a new Canada. It is truly a shame the previous government and previous governing party was so mired in scandal and pork that it could put such a bad light in the minds of Canadians on this whole concept of privatization.

Of course Bill C-22 is no solution or remedy to the mess created by the former government. It just creates a new mess of its own. That is why it is imperative we scrap Bill C-22 by passing the motion of my colleagues in Her Majesty's Loyal Opposition and start from scratch to untangle this web of political intrigue, patronage and bad politics.

As we untangle this web we may find a new list of names along the way which played a prominent part in this whole episode. That I fear is the motivation in proposing *carte blanche* out of pocket compensation in Bill C-22, a bill that will not fix the Pearson problem but only make it go ever so quietly away.

I refer to the Pearson saga as a soap opera, but this soap opera has real players who have been genuinely hurt by this mess. As usual, the people who have the least to do with creating the problem are most likely to be hurt by it and least likely to be helped by the solution proposed by this government.

I refer to the residents of Toronto. They so very badly require Pearson to become a world class air terminal to serve a world class city. I refer to the men and women who would have done the work to modify Pearson. Those people were counting on jobs. I refer to all Canadians who whether they know it or not depend on Pearson, the most important hub airport in Canada, to keep business flying, to take Canadians efficiently to overseas trade destinations and to bring foreign traders in.

(1715)

It is always the case that there is a ripple effect whenever a government makes a decision of any kind. This is precisely why government must learn to restrict itself, for it is inevitable that government when it acts will often disrupt the lives of people who have no stake in whatever particular project is undertaken.

Again, privatization is to be encouraged but when that privatization breaks down due to mismanagement and corruption, as it did in this case, then the reversal of that privatization must be undertaken with the greatest of care, even if it takes a bit of time.

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That is not what happened here. This government wants to ram Bill C-22 down the collective throats of this House. It wants to ram Bill C-22 down the throats of Canadians. Whenever traditional government takes the decision to study something and issue a report, it is customary to expect that with the amount of time involved before bureaucrats get around to actually concluding something, so much dust will have settled and the pages turned so yellow with age that the problem will have evolved into something entirely different.

That was certainly the case for the last government and was also most certainly the case when this party was last in power. It is not in this case. I have become so sceptical about the workings of traditional politics that I cannot help but be suspicious that the sheer speed with which this government published its Nixon study and decided to allow for compensation reveals that this government has something to fear when it comes to leaving this issue on the table for too long.

The Pearson deal as it was struck needs to be revoked. Let us do that. Then, rather than granting the minister the power to dole out vast sums of money, somewhere in the neighbourhood of \$30 million to \$40 million for out of pocket expenses, a politically suspicious phrase if I have ever heard one, let us dig deeper into the issue to discover a couple of things. Number one, let us find out the degree to which the previous government bungled this deal.

A public inquiry, that is one dead horse that deserves to be beaten a bit more for fear that it may rise from the dead and trample once again on the political process in Canada. Let us take time to find out just how wide the web of political blunder has been woven. In particular, let us find out precisely the role of the lobbyists in this deal. Let us discover how many people have been needlessly and through no fault of their own adversely affected by the Pearson debacle in order that this government can provide restitution where restitution is due.

It is interesting to note the players who have come into being and whose party or whose companies and names have been published in other manuscripts. They should be examined closely. Let us use this as a case study in politics gone wrong so that it hopefully will never happen again.

We need to see just how much of a liability Pearson has been for the government. We know that a major liability has been incurred already and will grow if Bill C-22 is passed, especially with section 10.

Last, let us re-examine the privatization of Pearson to see just how to make it work. This time around I hope the government in power will exercise the political will and common sense wisdom necessary to bear in mind that political decisions like this affect more than just the political players involved. They affect everyone, the people who work at Pearson, the people who would rebuild Pearson, and all Canadians who depend on Pearson in so many ways.

There is a valuable lesson to be learned from Pearson. By proposing Bill C-22 this government has proven to the Canadian people that they have learned nothing, especially with the compensation package. I hope that it will redeem itself by supporting the amendment to kill this bill, to stop the blind power of the minister to make huge repayments without accountability and by starting over.

(1720)

If not, this government will have proved that narrow political interests are still at work controlling Ottawa and that the interests of hard working people have yet to be adequately represented by traditional political parties.

[*Translation*]

**Mr. Ghislain Lebel (Chambly):** Mr. Speaker, I want to congratulate the member who just spoke because his comments are very much to the point.

Since the hon. member is also in favour of setting up a royal inquiry commission, I want to ask him if he agrees with the Liberal member who said earlier that the costs related to such a commission would be somewhere around \$27 million.

[*English*]

**Mr. Hanger:** Mr. Speaker, it is a good question as to the evaluation of costs. What do out of pocket costs or expenses mean if one is talking about repayment? I do not think I can evaluate that compensation package at this point. It would have to be exposed to the public and a clear examination done.

The hon. member mentioned something about a royal commission. I question whether a royal commission is necessarily the way to go. I certainly agree to an inquiry to have the package exposed to public scrutiny but not necessarily to a royal commission.

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Mr. Speaker, I want to go back to the comments made by the previous speaker, who said that we must distinguish between privatization under circumstances which justify such a measure, and privatization under rather dubious circumstances such as in the case of the Pearson Airport.

I want to ask the hon. member if, in some future legislation on lobbies, it would be appropriate to include specific provisions on the concerns related to lobbies under particular circumstances where privatization is anticipated. Should we have specific rules concerning lobbies which could apply to this case, but which could also apply to any case, so as to be sure that those who have a vested interest are kept at arm's length?

[*English*]

**Mr. Hanger:** Mr. Speaker, lobbying has been around for as long as politics has been around. To really stamp it out through legislation may be a very difficult thing.

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One matter that must be brought forward on any deal, compensation package or transaction the government involves itself in with private industry is if it is all laid out on the table for it to be examined by the public and everyone knows exactly where they stand in any operational deal, one is going to avoid a lot of questionable activities. If it is protected and hidden behind closed doors, the lobbyists will be the most effective. Exposing it to light, of course, they are the least effective.

From that point of view I would like to see things certainly brought to the forefront when it comes to any kind of privatization deal in the future.

[Translation]

**Mr. René Laurin (Joliette):** Mr. Speaker, there is an aspect of the issue which concerns me somewhat. Several members expressed concern regarding the cost of such an inquiry, and whether a royal commission is the way to go. Perhaps we could have another type of inquiry. The important thing is to have an instrument, a commission which will have the power to find out the truth. When it comes to deciding between a material interest related to the quick construction of an airport terminal and the common interest, we should not even hesitate if we want the public to trust institutions such as ours: we must favour the common interest and ensure that the public is protected.

(1725)

If we have to wait a further six months before a third terminal can be built at Pearson, then so be it. During this time, the taxpaying citizens will know that their tax dollars are being used wisely. Moreover, if the government party's conscience is clear with regard to the former government's transactions and if the current government believes that it is not acting in a similar fashion, then it should have nothing to fear from a commission of inquiry. It would have no reason to fear that a commission would uncover some deals in which it may have been involved itself.

A transparent government like the one the Liberal Party likes to boast about should not have any concerns about inquiries conducted by a royal commission. It should not be afraid of answering questions put to it. Yet, the government continues to object to this request. Taxpayers may very well begin to question this government's sincerity. They may start asking themselves why the Liberals are trying so hard to avoid appearing before a commissioner of inquiry. When someone's hands are clean, there is no need to fear the truth, or investigators. There is no reason to fear disclosing someone else's past activities because they may be associated with ours.

I think that the comments made were sincere, but this should not be the end of it. We must ensure that the truth comes to light, that the public is informed of it, and above all, that with respect

to other projects—it could be Hibernia or maybe the helicopter contract, another cancelled deal—the same questions will not come up again. When questions do arise and when the public interest is at issue, there should be no reason to fear asking the questions openly.

[English]

**The Acting Speaker (Mr. Kilger):** I do not know if the member for Calgary Northeast wishes to comment to the last intervention.

**Mr. Hanger:** Mr. Speaker, I do not believe there was a question there. There was certainly a considerable amount of information passed through his five minute presentation.

Again, going back to the royal commission and looking at taxpayers' dollars, what is to be gained by striking a royal commission? In looking at previous royal commissions they have been very expensive in nature. Can this matter be handled in a much more efficient way than a royal commission and the expenditure of millions more?

I know that Mr. Nixon did a study on the matter and there were certain recommendations and I believe that we should be looking closely at those recommendations. If they indicate that there should no compensation then there should be no compensation. I am certainly much in favour of that.

Apart from that, I really do not have anything more to say in reference to the member's comments.

[Translation]

**Mrs. Suzanne Tremblay (Rimouski—Témiscouata):** Mr. Speaker, I consider it a privilege to speak in this debate on Bill C-22. In the last election campaign, the leader of the Liberal Party of Canada travelled from coast to coast to promise a transparent government, among other things, to the Canadian people. Where is this government after six months in office?

I will quickly go over a few facts that, in my opinion, are revealing in this regard. As promised, the government cancelled the helicopter contract but we and the Canadian people still do not know how much this decision really cost.

Last December, when hardly anyone was paying any attention to what was happening in Ottawa, and while we were busy setting up our offices in Ottawa and in our respective ridings, the government announced an increase in unemployment insurance premiums. In its February 22 budget, the government tried to portray itself to Canadians as a generous and understanding government and a very good manager by announcing a premium reduction that will, however, only come into effect in 1995. This government does not want to let Canadians know that it has brought premiums back to where they were before it increased them.

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(1730)

In the Ginn Publishing affair, the government did not fool anyone who followed the case, and Canadians did not fall for the very strange and contradictory explanations given by the various ministers questioned on this subject.

The Official Opposition tried by every means available to shed light on the sale of a Canadian publishing house to an American giant. It was all in vain. All Liberal members and ministers continued to act in collusion, preferring silence to clear and unequivocal answers. They prefer to swim in neutral waters where only spoken words leave traces and where the Liberals feel tied by a verbal agreement apparently made by a minister from the previous government. According to a legal opinion given by the Department of Justice at the request of its client, the Department of Finance, this information is subject to solicitor-client privilege pursuant to section 23 of the Access to Information Act.

Given the lack of transparency of this government, it was impossible for the population to know for sure who was protected in this deal and who really benefited from it. This was followed by another troubling situation: serious allegations to the effect that the Museum of Nature was mismanaged. There was a general outcry from Canadian and international scientists, who asked the government to intervene before it was too late.

The Official Opposition pointed out, once again, before the Committee on Canadian Heritage that the population had the right to know whether or not the allegations were founded since the \$18 or \$20 million budget of this museum comes from taxpayers. Both Opposition parties demanded the right to let the committee hear witnesses so we could listen to both versions of the story. No such luck! The Liberals who are so proud of their transparency refused, once again, to let us shed light on this issue.

I will not pretend that I undertook an exhaustive review of this government's first six months in office. My purpose is rather to draw the public's attention to one constant in the few examples I have just given. The constant is this: every time the government could follow up on its promise of integrity and openness, it chooses subterfuges, even though, in the red book and in his speeches throughout the campaign, the Prime Minister said in various ways that openness was necessary if people were to regain confidence in government and in politicians.

Now let us take a closer look at Bill C-22, an act respecting certain agreements concerning the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson International Airport. I will go right to the point and highlight briefly, in my own way, some of the events which began in April 1987.

First, the Conservative government agreed to entrust the building and operation of terminal 3 at Pearson Airport to a real estate company owned by Charles Bronfman. This first group of friends included Herb Metcalfe, a lobbyist for Claridge Properties Inc. and former organizer for Jean Chrétien; Leo Kolber, a Liberal senator who, as has been mentioned on many occasions, held a party at \$1,000 per guest during the election campaign; Peter Coughlin, president of Claridge Properties Inc. and general manager of Pearson Development Corporation; Ray Hession, who was deputy minister of everything important in previous Liberal governments and has ties to Paxport Inc., as the *Ottawa Citizen* pointed out.

(1735)

Later, Brian Mulroney's government went back on one of its decisions and in December 1992 decided to turn the redevelopment and operation of terminals 1 and 2 at Lester B. Pearson International Airport over to private enterprise. The deadlines were very short and only two firms could answer the government's call for tenders and bid: Claridge, for Charles Bronfman, and Paxport, for the Matthews group. Paxport Inc. was selected.

This time we find the Conservative government's real friends, including Don Matthews, president of Paxport Inc., who was president of Brian Mulroney's leadership campaign in 1983; he is a former president of the Conservative Party and chaired many fund-raising campaigns. His son-in-law, David Peterson, was Premier of Ontario. Mr. Chrétien asked Bob Nixon, a former Peterson Cabinet minister, to investigate, behind closed doors, the transaction that he promised to cancel on the very last day of his campaign.

Otto Jelinek, a former minister in the Conservative government, is a member of the board of directors of Paxport and president of an Asian subsidiary of the Matthews Group. Fred Doucet, a professional lobbyist and long-standing friend of Brian Mulroney, will be hired by Paxport; his name will also come up in the Ginn Publishing affair. As you can see, Mr. Speaker, it all holds together.

Bill Neville, another Paxport lobbyist, and a former chief of staff—a very interesting character, as you will see—of Joe Clark when he was Prime Minister, member of Brian Mulroney's inner circle and head of Ms. Campbell's transition team. He will have served all three of them; in his case, it was wall to wall.

Paxport Inc. was to demonstrate the financial viability of its proposal by February 15, 1993, but the government did not hold firm on this condition. Since its financial backing was not solid enough for this transaction to go through, Paxport will have to turn to their pal Charles Bronfman and ask him: "Come to our rescue, competitor dear. Let us merge and acquire a controlling interest in this highly profitable airport. This will allow us to add millions to our respective family trusts". As a result, T1 T2 Limited Partnership was established; it was the only way to go on with negotiations with the government. Furthermore,

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Claridge, the rival company, became a majority holder, with 66 per cent of the shares, while the company initially selected to implement this project found itself holding a mere 17 per cent of the shares of the new company, based on what it could afford.

To make this enterprise very profitable for its friends, the government undertook to divert passenger traffic to that airport and curb, if not stop, any airport development activity within 75 kilometres of the Lester B. Pearson Airport.

Since the government apparently had unlimited funds available given the possibility of making deficits, it dug out several other millions to complete this privatization which would allow the government's friends to get rich on the backs of the taxpayers. To sell privatization to key groups, the following compensations were offered: severance pay for Transport Canada employees, for a grand total of \$5.5 million and this, in spite of the fact that all jobs had been protected for at least two years with Pearson Development Corporation.

Add to that a 15 per cent contribution toward the rent paid by Air Canada and foreign airlines using the facilities at Terminal 2.

(1740)

Moreover, while the government had expressly committed itself to not finance the construction, repair or renovation of terminals 1 and 2, it secretly decided otherwise by agreeing to a 40 per cent carry over on rent, through a good clause in a contract which is about that thick. I saw it this morning and I was rather surprised. The money will be paid back later, with interest based on the Bank of Canada rate, plus 2.5 per cent.

The Lester B. Pearson Airport generates profits, and this could make it attractive for third parties. Yet, in a contract that thick, the Canadian government did not even include a clause to enable it to oppose such a transfer, so that the airport operations could fall in the hands of foreign interests and the government would not even be able to do anything about it.

There seems to be sufficient reasons to justify a public inquiry. Indeed, in the report which recommended cancelling the privatization of Pearson Airport, Mr. Nixon mentions that the role of lobbyists in this case went largely beyond what is normally acceptable, especially as regards the reassignment of several senior civil servants. The report also points out that to conclude a transaction of this scope during an election campaign flies in the face of democratic practice.

The first eight sections of the legislation cancel the transaction and prohibit any suit against the Government of Canada and its officials. Fine. The Liberal government had made a promise and, for the second time, it gets out of a written commitment involving several million dollars. First, it got out of the helicopter contract and now, through a piece of legislation, it is getting

out of a hastily drafted contract regarding the Lester B. Pearson Airport.

How can this same government claim, as it has been doing for months now, that it was not able to get out of an oral commitment made by a minister of the previous government, while it gets out of the written agreement? This government is not fooling anybody, and the inquiry could reveal other things.

What is really behind the cancellation of this whole deal? Is it that too many Conservatives and not enough Liberals were benefitting from the transaction? Or, was there some fear that the scheme would eventually be discovered?

There is reason to be worried, and Canadians will come to know the contents of this bill. Just when they are being asked to tighten their belts and prepare for a review of their social security net, the government wants to enact legislation favouring those who let certain political parties come to power.

Pursuant to clause 9, there will be no compensation in connection with the coming into force of the Act. But, according to clause 10, compensation may be awarded if the Minister deems it appropriate. This is doctoring, Mr. Speaker! I was very happy to hear other members say that to leave all that power in the hands of the minister was dangerous, as some bleeding is occurring and God knows when it will stop.

Here is my conclusion: This government is hog-tied thanks to friends of the system who, year after year, continue to fill the campaign coffers of both the Liberal and the Conservative parties.

(1745)

And I will remind hon. members that the Leader of the Opposition very clearly demonstrated this morning that the five largest Canadian banks split their donations fifty-fifty between both traditional parties, handing out almost half a million dollars, that is \$250,000 to the Liberal Party and \$250,000 to the Conservative Party.

These old political parties take into account the best interests of those who make it possible for them to take turns running the country, while ignoring the best interests of the public.

The time has more than come to put public finances on a healthy footing by introducing a bill concerning the financing of political parties, something similar to the legislation passed by the Quebec government.

In this case, we do not have any other choice but to set up a royal commission to clarify this very dismal and shameful instance of patronage.

This commission could, if necessary, recommend the amounts of money to be paid following the cancellation of the current contract. However, it is understood that this money could not be used to cover any potential profit T1 T2 Limited Partnership

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could have made from Terminals 1 and 2 at Pearson Airport or to cover the fee paid for the purpose of lobbying a public office holder.

To put it plainly, that covers any fee paid to the lobbyists who made the government do their bidding by reminding them who in fact is responsible for their election.

Canadians are sick of this government's lack of openness. They are sick of these secret promises that cost a bundle to Canadian taxpayers.

Canadians have had enough of this government protecting its friends and paying back those who financially supported its election campaign. They have had enough of the promises made in the red book—which, when I was young, referred to the used cars listing—and which makes the government look good and projects an inaccurate picture of its true identity.

In short, Canadians are sick of promises that keep the wheel turning, that allow the rich to get richer, the poor to get poorer, and the traditional political parties to take turns at running the country and taking a slice of the pie.

Canadians have reached the threshold of tolerance and have lost confidence in a government which, in a very short period of time, has missed all the opportunities it was given to restore confidence and refused to show any openness.

On their behalf, I too call for a royal commission to get to the bottom of this shocking deal.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Mr. Speaker, I want to thank the hon. member sitting next to me for her clear demonstration. It was very instructive and we can see that her experience as a teacher is now useful when time comes to give very clear examples.

I really liked the comparison she made with Ginn Publishing. Whereas the Pearson Airport situation is the doing of the previous administration, the Ginn Publishing matter is the responsibility of this government but, in both cases, we see the same pattern of unclear behaviour which maintains the behind-the-scene influence of the lobbyists. I would like my colleague for Rimouski—Témiscouata to give us more details about the changes to the financing of political parties that would be needed to correct this situation.

In a sense, this reminds us a little of what may have happened in Quebec before 1976, particularly during the first two terms under Robert Bourassa, that is from 1970 to 1976, when questionable practices were common.

We had people somehow similar to those mentioned in the speech. In Quebec, Desrochers, for example, was maybe the type of person to do that kind of work.

(1750)

Quebec managed to break free from such practices thanks in particular to the way Mr. René Lévesque revised the financing of political parties. I would like my colleague to clarify for us the ways to eliminate the questionable relationship between governments and lobbyists.

**Mrs. Tremblay:** Mr. Speaker, I thank my colleague for his question and for giving me an opportunity to talk a little bit about political party financing.

It is, obviously, extremely important that the federal government address this question and make a fundamental change to prohibit all companies from making donations to political parties. The money to fund political parties must come from individuals and there must be a limit on contributions.

We have seen what has happened in the past. If we look at Mr. Desmarais' contribution in the Charlottetown referendum campaign, each of the eight members of his family, including a three-year-old girl, gave \$3,000. His contribution could not exceed \$24,000. That is a far cry from the \$250,000 campaign contribution he could have made.

It is the same thing with Bombardier. These companies have to paint themselves red or blue. It would take too long to give a detailed answer to my colleague's question, but if we took away the right of companies to donate money to political parties, we would not have such a mess on our hands. If the legislation on lobbyists was reformed, we would know exactly how things work and we could get to the bottom of the matter.

The same applies to people who appear as witnesses before committees. We should adopt the American system where sworn testimony is the rule, otherwise the work of committees is pointless.

[English]

**Mr. Jack Ramsay (Crowfoot):** Mr. Speaker, I think it is clear that when a government stops a deal like this the question is how can it do so without alienating very powerful people within Canada who are involved in the deal. It is obvious how the government has arranged to do that and that is through section 10. Section 10 is clear evidence that an agreement has been made. Not only that, in order to satisfy everyone that agreement has to be consummated in very short order.

Subsection (3) of section 10 states:

No agreement may be entered into under this section after one month after the coming into force of this Act.

All the payouts are going to occur one month after this act is passed.

The agreement that has been made, and it is obvious to me and everyone who has looked at this situation, is that the compensation package has been put forward by those people to the

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government. It has been agreed upon and we are simply going through the motions. Because we are in a majority government situation, this is going to be passed. This is a fait accompli.

I would like to ask a question of the hon. member who spoke so eloquently about this situation. The Bloc is recommending a royal commission of inquiry. Does the member not feel it is time that the standing committees of the House were empowered to deal with these kinds of issues? Should they not have the power of subpoena and the power to bring witnesses before the standing committees to examine them? Should not the elected representatives be playing the role that the royal commissions of inquiry have in the past at enormous costs? Ought we not to be doing that job? I am asking the hon. member if she would agree with that. If she does, would she make that recommendation to her caucus?

[*Translation*]

**Mrs. Tremblay:** Mr. Speaker, I thank my colleague for his very pertinent question and his very judicious comment. It is quite clear that one does not need a crystal ball or clairvoyant powers to see what is in clause 10 of the bill.

Thanks to clause 10, people will recover what they lost when their contract was cancelled. I agree totally with my colleague on that point.

(1755)

Unfortunately, I do not believe in the work of committees. Based on my personal experience, I find these committees a sham. Unless we can have people subpoenaed and testify under oath, these committees are merely entertainment for most Liberal backbenchers, but are becoming quite a waste of time for us on this side.

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, let me first of all congratulate my colleague for her speech. What I retain from her remarks is the kind of relationship, the kind of scheming brought to light on this issue, between various successive governments.

Basically, my colleague for Rimouski has very eloquently demonstrated the relationships that the Liberal–Conservative contributors and the Conservative–Liberal contributors have had sometimes with the Conservative government and sometimes with the Liberal government. As we can see, it all boils down to the same thing. That is something to really think about. Our colleague for Crowfoot suggested that clause 10 in this bill hints that there is a deal somewhere, but that it obviously cannot be outlined in the legislation. What is stated in the bill is that the Minister may approve any agreement submitted to him within 35 days after the passing of this legislation.

I would like to hear my colleague further on that kind of deal and also on that kind of Liberal–Conservative or Conservative–Liberal buddy–buddy system, because of which we always find ourselves in that kind of situation. The people invited to a \$1,000 or \$3,000–a–plate dinner are not the kind of people the Prime Minister referred to as beer drinkers last week, but rather people arriving with their six–pack of champagne and generous contributions for the Liberal Party.

The only way we can resolve that problem is to pass a legislation on the funding of political parties and electoral campaigns. I like to remind people that since such a piece of legislation was passed in Quebec, no matter what government is in power in Quebec, there has been no instance of wrongdoing brought to light. How come? Because of the transparency of the funds contributed to the parties. I would like to hear my colleague speak on that.

**Mrs. Tremblay:** Mr. Speaker, I will be very brief. Obviously a deal has been concluded, this is very clear in this legislation. This is the only thing transparent in this bill, there is a deal. Now it has been repeated during the whole campaign, Conservatives and Liberals are six of one and half a dozen of the other, they amount to the same thing. If we are able to rise today in this House and condemn this legislation, and denounce the scheming and the patronage, it is because our hands are clean.

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

**The Acting Speaker (Mr. Kilger):** It being 5.56 p.m., the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

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## PRIVATE MEMBERS' BUSINESS

[*Translation*]

### INCOME TAX ACT

The House resumed from March 22 consideration of the motion.

**Mr. Pierre Brien (Témiscamingue):** Mr. Speaker, it is a pity we have to move on to other things, because we were having a very interesting and lively debate. We will now proceed to something more technical dealing with child support payments, a subject which is rather important in itself.

This issue arises in a context of developments to which society must adjust. Broken families are more and more prevalent and, even though it may not be desirable, the government must adjust itself to these new circumstances.

The motion presented by the hon. member for Nepean reads as follows:

That, in the opinion of this House, the government should amend the Income Tax Act so that child support payments are no longer considered taxable income for their recipients.

(1800)

This is a very interesting motion, but we should nonetheless consider both sides of its potential impact. Some of my colleagues have already mentioned that the Bloc would support this motion. That is what we will do.

But I would like to make a point. Under the current system, the parent who must make support payments—that is the father most of the time—can deduct those payments for income tax purposes. The mother who receives support payments must include them in her own taxable income.

The first goal, naturally, is to avoid double taxation and to tax the income in the hands of the recipient. Another consideration would be to allow the taxpayer with the lowest income to include the payments in his or her income in order to lower the tax amount. Those are commendable goals but they create in fact a deep feeling of injustice.

The one question that should be asked is: Who is the recipient of the support payments? They are paid to the mother and she must include them in her income. In fact, it is income that is used and should be used for the children, and, in most cases, it is used for the children. It is often insufficient, however, since it must take into account the ability to pay of the spouse or of the person who is making the alimony payments. And the person who receives the payments must pay income tax on it.

This creates a feeling of injustice because, in reality, the income should go to the child. Does the child have to pay or support income tax, finally? The child has no income, and this could be the problem. Should we really make this income taxable?

This may be where we should improve on the proposal. Insofar as the person receiving the alimony payments is not required to pay income tax or to declare these payments, we should make sure that, in establishing the amount of alimony, a judge is not influenced by a change in the tax system.

Take for example the case of a person receiving alimony of \$6,000 a year or \$500 a month; the person would receive a gross income of \$500, and a net income of let us say \$400, which would allow for \$100 in income tax. We could be in a situation where a judge would take the new tax rules into account and say: "I will ask the spouse to pay only \$400. He will pay tax only on \$400 and the beneficiary will receive the same amount as before".

We would then be in a neutral situation for the person collecting alimony. I do not think this is the purpose of the motion presented by the member for Nepean. I think that its objective is to ensure that the gross amount that is paid becomes a net amount, and that the spouse who is giving child support

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bears the tax burden, as if in fact that spouse was still part of the couple and should pay for children's expenses.

We could say: "Yes, but in fact, the simple thing to do would be not to tax either side". That is dangerous, because that would easily encourage a transfer of income from one spouse to the other, so that a good part of the income would become non-taxable. That is not really desirable. A part of the income must continue to be taxable.

The question we must ask ourselves is: Must the children support a part of that tax? For the government, taxing the spouse who is giving child support payments would have a stimulating effect on the income since that income is often higher than the one that gets the spouse who is receiving those payments. On the other side, that might encourage single-parent families. That should be examined.

There is also an aspect in this issue that should not be overlooked. A good part of the problems does not stem necessarily from the tax treatment, but often from the incapability for a spouse who is entitled to child support payments to actually get them.

(1805)

We all know or are often told that an ex-husband or ex-wife may often have one or several unreported incomes. We all know that the underground economy is thriving and that a spouse can avoid paying alimony. In such cases, it is very difficult to do something about it and proceedings are long and expensive. We are looking at a group of people who do not take their responsibilities seriously. I am not saying everybody is like that. Despite the fact that their family is apart, many people remain very much concerned about the development of their children and take their responsibilities seriously.

In some cases, however, things are much more difficult. We should insist on the protection of ex-spouses, and in particular ex-wives because there are much more ex-wives who experience problems with alimony payments from their ex-husbands. I think these are issues that should not be dealt with separately. They should be integrated as a whole. In that sense, I think it is a good proposal but, as I said, we should take that into consideration.

After checking this afternoon, according to information we received, it would appear that judges tend to take the tax treatment into consideration before allowing an amount to an ex-spouse. That being said, if they do that now, chances are that they will continue to do that in the future and that they are going to take into account the amendments brought to the Income Tax Act.

We should clarify things so as to avoid an adverse impact from this measure. I understand that it is only a motion and that we want to set out a principle. I think that we all have to agree on that principle. Even the members from the Reform Party who said they were against the motion recognized that principle. They are not opposed to it. However, they said that they had



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problems with the technicalities. That is possible, but that does not mean that there is no way to improve them.

The member from Nepean thoroughly researched her motion. She talked about the origin of the alimony, which began in the 1940s, and the way it operates for income tax purposes. She was perfectly right when she said that the context or the legislation never made any progress over the years. She talked about the principle of deduction/inclusion since it is possible to make a deduction on one hand, and on the other hand, to include the amount that has been deducted in the other income which is not correct and which, according to several people, seems quite unfair.

In that sense, I think that knowing that she has the support of this side of the House, she should now go one step further than what is proposed in her motion and talk to the minister of Revenue and the minister of Finance.

I am sure that the Department of Revenue reviewed the matter. When this was debated earlier in the House, someone mentioned that, in the United States, no distinction is made between the portion of the alimony used for the expenses that a woman must incur by the very fact that she has children, and the portion of the alimony used for the expenses directly linked to the children. There are two categories subject to different tax treatments. Perhaps this is an alternative worth considering, an interesting approach. One should also look at what is done elsewhere. There are certain things which are easy to do and which would allow a fairer system. This is the meaning of her proposal.

Finally, in introducing this motion, the member has been guided by deeply humane motives. We are going to support her proposal, but we must go one step further in the technical details so as to ensure that what we want to put forward will not have adverse effects.

[English]

**Ms. Bonnie Brown (Oakville—Milton):** Mr. Speaker, it is my pleasure to speak in support of the private member's motion put forward by my colleague from Nepean. Her initiative provides an opportunity for this new Parliament to address not just one issue but three recent phenomena which Canadians are not happy about.

The motion specifically addresses the taxation of child support payments, but more broadly asks us to examine the distribution of wealth in the country, the growth of child poverty and the cohesion between the values of Canadians and the policies of government.

First let us look at the distribution of wealth. If you put all the families in Canada together and then divide them into five

equally sized groups, you see some interesting numbers. The 20 per cent at the top level of income receives 40 per cent of the income paid out. The lowest 20 per cent receives only a meagre 6 per cent of the income.

(1810)

If we go further and combine the two lowest groups of 20 per cent and form a new group that represents 40 per cent of all Canadian families, we will find that this substantially sized group receives and lives on only 18 per cent of the total income. Compare this idea of the bottom 40 per cent living on 20 per cent of the income with the top 20 per cent living and spending 40 per cent of the income.

The remaining two groups in the middle receive 18 per cent and 24 per cent respectively, hovering close to the 20 per cent figure that the group represents.

I ask the House whether as representatives of Canadians we are satisfied with this situation? I know it is a large question but I think it is appropriate to ask it in the early stages of a new Parliament because today's debate is the first opportunity to begin to consider it and keep it in mind as we discuss tax reform and the 1995 and subsequent budgets.

Personally I am not satisfied with the fact that 20 per cent of our families struggle to exist on 6 per cent of income because I know that in those families live children who are not getting their fair share of the wealth of their country.

Second, let us look at this phenomenon of poverty of children in Canada. Statistics Canada reports that 1.2 million children under the age of 18 live in poverty. The effect of poverty on their health is particularly significant, given that poverty at the earliest stages of life has a lasting impact on health status that extends into adulthood.

This is further illustrated by the fact that the infant mortality rate of children in poor neighbourhoods is almost twice as high as that in rich neighbourhoods. In 1992, 900,000 children needed to use a food bank and about one in eight families were living in substandard housing.

I am not satisfied with these statistics either. They remind me of a situation in an emerging nation where a few live like kings and the many struggle to exist. They even bring to mind the word oligarchy where a powerful few are in control and are accepting of and tolerant of the sight of hungry children.

Canadians reject the idea that such a system is acceptable. Canadians question the appropriateness of obscene salaries for certain chief executive officers. In *Maclean's* magazine this week Allan Fotheringham in his column writes about a Canadian CEO who was paid \$6.9 million last year and asks the question: "Is anyone worth \$6.9 million for one year's chores"?

Many Canadians are suffering, food banks are blooming but somehow there is enough spare change in the system to pay one person \$6.9 million. This is offensive to Canadians who value fairness and dignity for all. It is offensive to a people committed to peace, order and good government.

This is the context in which we address the question of the taxation of child support payments. Today on breakup of a marriage one parent usually gets custody of the children and the other parent is ordered to make regular payments. The money received by the custodial parent is considered to be income and is taxed as such. The non-custodial parent is allowed to deduct the amount transferred over the course of a year from taxable income on the annual tax form.

I believe that from the outset this is unfair compared to the situation of intact or two-parent families who file income tax returns. In a two-parent family both parents spend money on their children's welfare all year but neither of them is able to add it all up and then subtract it from taxable income.

Today we are actually rewarding the non-custodial parent by providing a tax break not enjoyed either by single custodial parents nor by the two parents who stay together.

Why did we ever do this in the first place? It was thought that if income tax was paid by the custodial parent, usually the mother who was in a lower tax bracket, that less money would go to the government and there would be more for the children. This idea was obviously developed by people who had never been divorced and who thought that the concept of the original family including mutual support and nurturance continued beyond the date of the divorce.

(1815)

It ignored several realities, the reality that divorce is adversarial and usually leaves in its wake revenge and bitterness, the reality that divorce requires the maintenance of two households with accompanying costs, and ignored the reality that the non-custodial parent embarks on a new lifestyle with new demands and unanticipated costs. It ignored the reality that the family which remains loses one adult worker to share housework, home maintenance and child care. It ignored the reality that the custodial parent inherits the work, the worry, the emotional and intellectual strain of maintaining a home and being on duty 24 hours a day for the children.

Our tax system rewards the parent who leaves and penalizes the parent who stays.

Some would say that amounts to be paid are the business of the courts and that judges and lawyers today are calculating all these facts when they gross up support payments. But some of these decisions are 10 to 15 years old and not only are the

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amounts paid totally inadequate but no gross up ever occurred in the original calculations.

Some would say then it is time to go back to court for a change of circumstance review. I would say those who give such advice have never been divorced either, or at least have never lived the life of a single parent. Single parents are usually poorer than their peers who are still married. They are often exhausted because of the burden they carry.

Picture a single mother of three teenagers who has been divorced for 10 years. Chances are she has already been back to court several times attempting to secure arrears owed to her, or perhaps she has registered with the provincial system designed to chase the non-custodial parent for arrears owing. Neither system has served her or her children well.

The result of these systems that do not work on the members of a single parent family is a feeling that they are less valuable to society, that they are marginalized in their struggle to survive. The temptation is to give up.

When poor single parents read in the paper that 61 per cent of single parent families live in poverty at an average of \$9,000 per year below the poverty line it confirms to them the reality that they are living every day. It is not encouraging to them.

I and the other members of this new Parliament have inherited a country where over the last nine years the free market and government inaction were supposed to enhance the economic wellbeing of all but Canadians have come together to agree that that system did not deliver the results they were looking for.

They are expecting us to shake off the political paralysis and to shed the philosophy of inaction. They are asking us to unleash the political will for changes that will restore a sense of fairness to all Canadians.

Amending the Income Tax Act so that child support payments are no longer considered taxable income for the recipients is admittedly just one piece of a much larger puzzle but this motion before us tonight is the first chance we have had to demonstrate that we too are appalled by the statistics on the poverty endured by children in single parent families and that we are committed to restoring hope to those children.

Our support of this motion sends a message that we are not timid. We are not afraid to challenge the status quo. Rather it says that we who formed this government reflect the deep held values of Canadians and that we do have the political will to make the changes necessary to reinstate fairness as the hallmark of Canadian society.

[*Translation*]

**Mrs. Eleni Bakopanos (Saint-Denis):** Mr. Speaker, I welcome this opportunity to support the motion presented by the hon. member for Nepean. The issue of support payments is a

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very important one for many people, especially for women and children.

The current legislation discriminates against children born in poor families or families headed by single parents. This motion is needed to improve the circumstances of women and children. The legislation was passed 52 years ago and has changed very little since then, but society and the status of women have changed a great deal.

In the forties, the government introduced what was considered progressive legislation. In 1994, that is no longer true.

(1820)

[*English*]

In 1942 when this policy was first developed the support payers, at that time mostly men, invariably earned more than their wives so that the tax brackets of the two parents were different. The husband would save more by his deduction than the wife would pay in tax and that net savings would conceivably be passed on to the child. In some cases of course this has happened, though to so few that it makes little difference. Three facts make support of this motion essential.

To begin with the reality of separation and divorce is rarely so easy, and I am sure we all know of cases where children have become pawns in parental disputes. Children who generally never have a say in such matters are left without a voice in their own future.

Change of the income tax code will not eliminate this problem but it will be a significant measure to combat it.

[*Translation*]

It is also true, that after a divorce, the husband's standard of living goes up while that of the wife and children goes down. Justice in this case is impossible under the prevailing legislation.

[*English*]

Second, since the reform of the tax code several years ago the number of tax brackets has been reduced to three. The likelihood of tax differential has dropped merely as a result of that factor alone.

[*Translation*]

Today, the likelihood that both parents are in the same tax bracket is far greater. It means giving a break to the non-custodial spouse and obliging the spouse who does to pay income tax. The system does not make sense, and when all is said and done, the money saved rarely goes to those who need it most, in other words, to the children.

[*English*]

Third, when one also considers that more and more women are part of the labour force than when this law was introduced, it becomes even clearer that the system has become a system of

subtle discrimination against women. In other words, as women have entered the labour force their relative responsibilities regarding the family have stayed the same as witnessed by the fact that still very few men gain custody of children.

With the dual responsibilities of family and work single parent women suffer all the more because their child support is taxed back once again. This was never an intention of the original law.

Let us look at a typical situation of child support payments. Across Canada we have the problem of many so-called deadbeat dads who do not pay child support in full. If for example supporting a child would cost \$10,000 per year, that income would naturally be taxed back. Often settlements will include that extra amount. Therefore the net amount would stay the same.

Unfortunately if the support is in partial default the parent with custody, and again I repeat almost always the mother, must pay tax on an amount already insufficient to support her child, whereas the defaulter would still get a tax credit on what he did pay.

If the defaulter paid half the amount, which is \$5,000 in this case, the mother and the child would suffer from not having enough money and the obligation by law to pay for it while the man would receive a tax credit on the part he did pay with no penalty.

A law that allows this sort of shocking absurdity must be changed.

[*Translation*]

We often hear stories about how hard it is for single parent families to get support payments. They are often poor, and the government penalizes them even more.

I hope members of all parties will realize that this motion is not just a matter of amending the income tax, but of letting justice prevail, so that these people will have a better life than they do now.

I also want to say that the changes proposed by the hon. member for Nepean are entirely sensible and economically viable. Our social programs support many women who then have to spend money they do not have to pay taxes. Often poor women cannot work because it would be too expensive. Being on welfare undermines a person's hope and dignity.

(1825)

The purpose of social programs is not to help divorced spouses. The current system is unnecessarily costly.

[*English*]

We have to remember some important facts about the broader issue of single parent families. Large portions of poor children come from mother supported single parent families. Single parent families most often live either just on the edge of or below the poverty line.

*Private Members' Business*

I think we should all recognize that to fail to change this law would result in some people—I remind all members that these are living, breathing children not just numbers out in space somewhere—not succeeding where a relatively minor measure, from our point of view, might help them to succeed in their endeavours.

However, if you look at the law it seems that we actually try to hurt our youth. Youth issues have always been important to me and I am sure to all my colleagues and I must oppose any measure which we know makes life even more difficult for the youth of Canada.

As my colleague pointed out when she introduced this motion, Canada seems to be unique among first world nations in that it taxes child support. The United Kingdom, the United States and Australia were all among the nations she cited then as being more progressive than Canada.

It is at this point that I wish to criticize the member for Calgary Centre who asserted in the House on March 22 that because child support would then become income exempted the government would receive less money and therefore damage the economic wellbeing of the country.

Once again the Reform Party is failing to take into account the long term. Not helping our children now might lead to greater family insecurity, welfare dependency and even crime, subjects I know all members are currently concerned about.

I must disagree with his analysis of the validity of this motion.

[*Translation*]

Can we truly say that the system is fair? No. Many experts agree that the legislation should be changed as soon as possible. This is not just a debate between men and women. Children are the ones who are affected most by separation or divorce, and in all cases, it is the children who suffer.

Can we tolerate the status quo, when measures taken by the government today discriminate against youth? We cannot, Mr. Speaker. Young people are our resource for the future. Our government has many programs that are very important, and I am glad to support them. However, what we give with one hand, we take back with the other. We will never achieve prosperity if we maintain measures that discriminate against young people who have not had all the opportunities to which they are entitled in a country as rich and strong as Canada.

Once again, I want to commend the hon. member for Nepean for presenting this votable motion. I hope that all members of this House will take note of this motion and support it without hesitation.

[*English*]

**Mrs. Jan Brown (Calgary Southeast):** Mr. Speaker, I am particularly pleased to rise and to speak to this motion this evening. It addresses an issue of importance to our nation and it

is of importance to families, whether together or apart, and that is taking responsible action to ensure that our children are well provided for.

Having said that, I believe that the Income Tax Act should be revenue neutral when considering taxable income for families that remain intact and for those that separate. Presently it is not revenue neutral.

I want to make it crystal clear from the outset that I support this motion in principle. However, it does not go far enough. It is because of the manner by which it does not fulfil the principle that ultimately I cannot support it.

I will explain how the motion goes right and how it goes awry. In keeping with the practice established by my Reform colleagues in this House, I will propose constructive suggestions for making this motion more acceptable.

I commend my hon. colleague, the member for Nepean, for having identified a piece of legislation that is in absolute and desperate need of reform. She pointed out that the legislation was enacted during a time when women seldom worked outside of the home. The year was 1942 and for those post war times the legislation was developed in good faith.

(1830)

However, the relevant section of the Income Tax Act has become severely outdated. It no longer properly reflects the contemporary reality of divorce. In particular, it fails to address the reality of the millions of Canadian women who work outside the home. Let me share a little of today's reality for those women whose spouses have left and who are raising children on their own.

Statistics Canada has indicated that a large and growing number of single parents, particularly women, suffer a decline in their standard of living in income relative to the parent who no longer lives with his or her children. We have heard that argument numerous times in this debate.

The Income Tax act provides for deductibility of child support payments by the payer and their inclusion into income by the recipient. If the payer had remained in the family unit, his or her ability to deduct child raising expenses would in most cases be reduced.

For example in 1993, the main income earner in a typical husband, wife and one child family would have received a child tax credit of \$1,002 for a dependent child. That is if they lived in Alberta and the child was between seven and eleven years of age. If the family income was above a threshold level, then no child tax credit would be paid and the cost of raising the child would provide few, if any, tax deductions. If the parents separated in 1993 and the highest income earner supported the child only through fully tax deductible payments, \$500 a month for example, he or she would obtain this significant tax deduction.

*Private Members' Business*

It is estimated that by allowing the deduction for the non-custodial parent and taxing the payment received by the custodial parent, generally the one with the lower income, it cost the government \$235 million in tax revenue in 1992. With tougher laws enforcing more parents to pay child support it is expected this amount will grow. One can call that a moral hazard, if you will.

I agree with my colleague across the House that the Income Tax Act seems to treat the parent who leaves a relationship and who has fewer responsibilities for raising the children better than the parent, usually a woman, who remains with the children. Let me give an example of how this is the case. This example does not just come out of thin air. It reflects a number of real Canadian situations and actually comes out of my riding of Calgary Southeast.

This is the case of a married man and woman. He made \$85,000 a year and she was a homemaker who received no income. This couple divorced and the woman received custody of the children. He continues to earn \$85,000 a year and she now has a job that pays \$17,000 a year. As part of the settlement he agreed to pay his former spouse \$6,000 a year in support payments for his children.

What we need to look at is the \$6,000 given as maintenance support. Under the present tax system, the recipient of the \$6,000 pays income tax on this amount and the payer, the former husband in my example, receives a \$6,000 tax credit. This system provides tax incentives for spouses who leave marriages and who do not raise the children.

A person who divorces, thanks to the existing legislation, receives a windfall for leaving the marriage. Certainly it is not the intent of the legislation to financially benefit a person for leaving family responsibilities behind.

The Income Tax Act as it now exists for reasons I have just mentioned contributes to a perception that there is little legislative support for families torn apart by divorce. This situation is intolerable. Ultimately it hurts the children.

The present system as I see it is flawed for two reasons. The first is allowing the ex-husband to claim a tax credit for his maintenance payments and the second is taxing the ex-wife for the amount she receives. Both of these problems show a failure of the government to encourage or recognize the importance of stabilizing the family unit and responding to the ongoing responsibilities of caring for the children involved.

(1835)

The motion my colleague has proposed recognizes this inequity to be sure and attempts to redress it. However, I am concerned that her motion fails to be equitable. The pendulum

may have been too far on the side of inequity, but the answer is not to swing it all the way in the other direction.

What is needed is some real compromise that will ensure ultimately an effective standard of financial support for the children who are affected and that will treat all affected parties fairly.

The motion allows the recipient, regardless of his or her income, to not have to claim the maintenance he or she receives. It is the lack of recognition of the income component received that is inequitable.

There should be a means test applied to the recipient in order to determine when and if he or she should pay any tax on the maintenance payment. This could be done quite simply. I suggest a recipient should pay no tax on maintenance payments up to \$1,000 a month. Any maintenance payments over \$1,000 a month should be included as taxable income by the recipient parent.

The changes I would like to see to this motion would in effect see no tax being paid on the amount that is paid in child support up to an acceptable limit by either the custodial parent or by the spouse providing the support. My suggestion is that the child support payment not be taxed as part of the income of the custodial parent unless that amount exceeds \$1,000 a month. For example, if it was \$1,200 a month, the \$200 per month would be added to the income of the recipient and that portion would be taxed.

This may not result in loss of government revenue over all, but it is really too early to tell what the net effect may be. It is unclear at this point if there would indeed be a net tax loss through such an approach. In fact, in the long term it may ensure greater financial support for the children.

I spent quite a bit of time over the break developing this particular thesis. Perhaps it is not quite the same approach my colleagues on this side of the House have taken to this point. However I felt it was also very important to express my views on behalf of those constituents who have approached me for a very long time on this matter.

In conclusion given that the motion refers to changes in the Income Tax Act, I must mention the following. My colleague wishes to make the Income Tax Act more fair for all parties. A good place to begin is with a flat tax system. It could be the case that if such a flat tax were implemented then we would not have to be looking at yet more complicated changes to an already complicated tax system.

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton):** Mr. Speaker, I rise today to speak in support of Motion No. 14, introduced by my colleague, the hon. member for Nepean.

The motion urges the government to amend the Income Tax Act so that child support payments are no longer considered

taxable income for the recipients. This debate presents an opportunity for Parliament to correct a contentious longstanding problem with the Income Tax Act.

The provisions in the tax legislation which provide for tax deductible child support payments were brought into force in 1942. Canadian society has progressed a great deal since the 1940s, but unfortunately where the issue of child support is concerned the tax laws have lagged behind the new realities of today's society.

In Canada today there are nearly one million single parent families, or 20 per cent of all families with children. Eighty per cent of these one parent families are headed by women. Over half of these households live in poverty. Although they represent a small number of Canadian households, only 3 per cent, these single parent families headed by women bear 17 per cent of this country's total poverty burden.

(1840)

The issue we are debating today involves more than changing legislation. The fundamental issue in this debate is justice for single parents, especially single mothers.

During this debate we must examine the intent of the current legislation and the effect it has on today's families. Because 98 per cent of child support recipients are women, it is fair to say that the present child support provisions in the Income Tax Act have a detrimental effect upon women and children of single parent families.

The tax treatment of child support payments actually decreases the ability of single parent women to support their children after separation and divorce. It creates even greater disparities between custodial and non-custodial households. The income of support payers is roughly double that of recipients and their dependants.

It is a fact that after divorce women and their children tend to suffer a decline in their standard of living while the man's tends to rise. With 57 per cent of single parent families headed by women living below the poverty line, the Income Tax Act must be changed to reflect the realities faced by single parent families in the 1990s. By changing the legislation the government would be helping to foster a healthy environment for children of single parent families.

The finance department views the tax deduction provided to child support payers as an incentive to make support payments. However, the Canadian Advisory Council on the Status of Women has stated that studies show child support payment default rates as high as 85 per cent.

Furthermore the finance department feels that the current deduction also encourages higher support payments. Since taxable income is shifted from the payer who is presumed to be

### *Private Members' Business*

in a relatively high tax bracket, to the recipient who is presumed to be in a lower tax bracket, there results an overall tax saving which will lead to greater resources and therefore increased support payments. In reality this is rarely the case.

When the original legislation was written 52 years ago the assumption was that the custodial parent, the mother, had less income than the payer, the father. Today this assumption is no longer always valid. Even though women comprise a large part of today's workforce wage disparity still exists, yet this is not reflected in the current taxation structure.

The only way a single parent mother can benefit from the current legislation is if she happens to be in a low income tax bracket. Fortunately, Canadians have been working toward more equal treatment of women in the workforce and equal pay for equal work. The current tax situation impedes this progress for single parent working mothers by chipping away at their income and thus increasing their burden.

Studies by the Canadian Advisory Council on the Status of Women have shown that in 49 per cent of situations the child support payer's tax saving did not exceed the recipient's tax obligation which resulted in no overall tax benefit. In 20 per cent of these cases the child support provisions in the Income Tax Act actually decreased the resources available for child support.

The Income Tax Act needs to be amended so that it reflects current realities and provides support where the support is needed most, with the custodial parent. In one parent families, the non-custodial parent is given a tax incentive even though the parental responsibilities remain.

When a divorce occurs neither parent's responsibility toward their children changes. Child support payments should therefore not be considered taxable income of the custodial parent, but merely a continuation of the responsibility of the non-custodial parent for the care and maintenance of the children involved.

I have touched upon some of the points surrounding this issue but I would like to come back to my central theme which is justice. Most one parent families are headed by women. The majority of these households live below the poverty line and bear a disproportionate amount of this country's total poverty burden. The current Income Tax Act only contributes to this unfortunate problem.

(1845)

Clearly this is not justice. We have an opportunity to take a step toward fairness for women and for single parent families. It is my sincere wish that this motion be adopted by the House and embraced by the government in the form of amendments to the Income Tax Act.

**Mr. Geoff Regan (Halifax West):** Mr. Speaker, what we are discussing today is a 1942 tax law which defines the regulations for child support payments following a divorce settlement. I am

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pleased to join the debate because I believe that a wise society should strive to give its children the best possible start in life.

Canadians were appalled when in 1993 the United Nations committee on social, economic and cultural rights blasted Canada for the fact that half of all single mothers and their children live below the poverty line. In conclusion the report stated that Canada has not outlined any new or planned measures to remedy the situation.

The question we are debating today is whether the tax laws should be altered in the interest of fairness where child support payments are concerned. As our system stands presently, payers of child support are given a tax break, whereas recipients of child support, the mothers who have the custody of the children, are required to treat those payments as taxable income.

I ask the public, my colleagues and the bureaucrats who defend this 1942 regulation to clarify in their own minds whether it is the principles of the income tax system or whether it is the rights of children that must be defended?

Fifty-two years ago when the policy was developed there were 10 tax brackets for Canadian citizens. The parent paying support was usually in a higher tax bracket than the recipient parent. As a result it was determined that providing the donor with a tax break while taxing the recipient in a lower tax bracket would reduce the total amount of taxes paid on this sum.

At the same time these bureaucrats reasoned that allowing the non-custodial parent to deduct payments from their taxable income would provide an incentive to maintain regular payments. While this is convincing in theory, it fails miserably in practice.

The speakers today have waxed eloquent on the outdated basis of the child support taxation policy. In 1942 it was likely that by giving the non-custodial parent a tax break and taxing the custodial parent more money would end up benefiting the children. Today it is much more likely that both parents fall into the same tax bracket.

We must decide, given the 1990s setting, which parent will benefit from this subsidy. I believe that the mother who is in 98 per cent of instances the recipient of child support should not have to pay taxes on her child support payments.

Although it is true that women still on average earn less than men, they are much more likely than before to be in the same tax bracket as their former spouse. As pay equity legislation takes root we hope women will reach parity with men's wages in this country. Therefore a child support system which assumes that women make less than men is anachronistic and must be revised.

The revisions we seek are those that will divert moneys from the tax system to the children. In Nova Scotia one in five children lives below the poverty line. These proposed changes would be one small step to help those children.

One alternative that has been proposed and that is currently before the courts offers that income be considered the child's income and be taxed accordingly. Another option is for the parents of the children to negotiate among themselves the tax break they generally receive to ensure this is channelled toward the children's expenses.

Discussion of the intricacies of the tax system or tax reform should not sway us from the larger issues at play here. A report by Ellen Zweibel and Richard Shillington for the Policy Research Centre on Children, Youth and Families stated that the basic pre-tax child support amount being awarded is stunningly low.

Our government will prove its commitment to youth by following through with the promises in the red book.

(1850)

Apprenticeship programs will ease the transition from school to work. We are establishing a youth services corps and we are restoring full funding to the national literacy program. But we must start earlier. We must invest all available resources in our children during their formative years.

A House of Commons resolution in 1989 to abolish child poverty by the year 2000 was adopted by the entire Parliament. We must recommit ourselves to this challenge and redouble our efforts.

In 1991 more than 1.2 million Canadian children were living in poverty. I was involved for five years in the metro food bank society in the Halifax—Dartmouth area and I know that sustainable and systematic changes are needed.

In 1992 an estimated 900,000 children were fed by one of the 436 food banks across this country and these numbers are growing. As a matter of fact in 1980 there were no food banks in Canada and now we have more than 400 food banks. That is astounding and appalling.

To reverse this frightening trend we must make the required changes to the Income Tax Act so that children are not financially devastated by their parent's divorce or separation. We must ensure that fathers, and in 98 per cent of cases it is the father who is the payer, keep up with their child support payments.

Some insight into the breakdown of the whole system can be derived from statistics from the legal world. In Nova Scotia the family court system administered maintenance payments for about 13,000 families. In 1990-91 that court issued 7,000 summonses to individuals who had failed to pay court ordered

support. These are not meaningless numbers. For each summons there is a story of hardship.

I mentioned earlier that the tax break for non-custodial parents was meant as an incentive—some incentive. Fifty-two years later child support dodgers are rampant in our society. We have made some inroads in this area. There is legislation in every province to garnishee wages from defaulters. That is not enough. A lot of work is needed to standardize child support levels and enforcement mechanisms across this country.

Loopholes abound in our system of taxation with no clear rationale for who benefits and who does not. Commons sense tells us and groups that have coalesced around this issue insist that women despite gross-up payments should not be paying tax on child support payments. Adopting this resolution as the shared opinion of this House is a positive step, one that makes sense.

[Translation]

**Mr. Eugène Bellemare (Carleton—Gloucester):** Mr. Speaker, I wish to congratulate the hon. Member for Nepean for introducing a bill to amend the Income Tax Act.

Her amendment deals mainly with regulations dating back to 1942, that are 52 years ago, at a time when child support payments were paid to the mother, who generally had custody of the children. It allowed the father to deduct support payments from his taxable income.

As you know, the Divorce Act is administered by the provinces and the amount of child support is determined by provincial court judges.

We also know that, compared to 1942, the number of divorces is very high. This is regrettable, but this is a fact of life in our society.

[English]

I have a report from the federal-provincial-territorial family law committee that suggests that if tax implications are to be taken into account there are number of issues to be considered. There is no guidance in the Divorce Act nor provincial or territorial legislation as to how the calculations should be made or how the benefit of the deduction should be shared between the parties.

(1855)

Reference is made to a Divorce Act evaluation from May 1990 from the Department of Justice that stated: "It is important to consider this issue in the context in which it actually occurs, namely that two-thirds of Canadian women and children live in poverty following divorce".

I am going to take the liberty to read parts of a letter I received from a constituent of mine after getting permission from this

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person to read extracts. Mrs. Jackie Cloutier wrote to me regarding the taxation of child support. She is proud to give me permission to read these extracts from her letter: "Taxing child support in the hand of the already impoverished parent is wrong. Many women like myself lose up to two-thirds of their child support to income tax. We do not live in fancy homes or drive fancy cars. We do not take lavish vacations. We cannot afford to plan for retirement. We struggle every day to make ends meet, most often living from pay cheque to pay cheque and regularly running out of money at the end of the month. Every year in April we are faced with this unnecessary debt to Revenue Canada".

She concludes, and I jumped some parts of her letter: "The report released by the United Nations on the status of women and children in Canada clearly stated that we are living in poverty. Please take the necessary steps to change this law now. Don't let another year go by where women and children suffer needlessly at the hands of the tax system".

[Translation]

Therefore, I am pleased to support the initiative of my colleague from Nepean and to ask the federal government that it change the Income Tax Act to exempt child support payments from taxation.

[English]

**The Acting Speaker (Mr. Kilger):** The time provided for the consideration of Private Members' Business has now expired.

[Translation]

Pursuant to Standing Order 93, the order is dropped to the bottom of the order of precedence on the Order Paper.

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## ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

ETHANOL

**Mr. Jim Jordan (Leeds—Grenville):** Mr. Speaker, it is a pleasure to participate in the adjournment proceedings tonight in accordance with Standing Order 37(3) on the subject of ethanol.

The ethanol gasoline mixture to replace regular gasoline has been highly successful in western Canada and for many years highly successful in the United States. The proposed ratio of mix here in Canada is 90 per cent gasoline and 10 per cent ethanol, that is a 90 per cent non-renewable source of energy and a 10 per cent renewable source of energy.



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This fuel mix has been available in western Ontario and is now becoming available in eastern Ontario. There is talk of a plant, and hopefully it will materialize, in my own riding of Leeds—Grenville. The manufacture of ethanol started with a group of farmers, about 135 farmers, who got together and each threw in \$2,500. I think it shows commitment.

We can talk about the advantages of using ethanol mixed with gas and we can do it from various viewpoints, but a former colleague of mine, the hon. Ralph Ferguson, was a pioneer of blended fuel in this House in the last Parliament. I became interested in blended fuel from listening to the hon. Ralph Ferguson, the former Minister of Agriculture, because he spoke on it many times. I think maybe we could name it Fergie's fuel because whenever you got talking to Fergie he would want to promote the idea of ethanol. He really believed in it as a source of energy for Canadians.

Because of the time restraints I have to summarize a bit. The biggest winner in the blended fuel business is the environment. There is no question about that. The exhaust from a car using blended mix will contain 30 per cent less carbon monoxide and 6 to 10 per cent less carbon dioxide. The manufacture of ethanol from grains, primarily corn but it can be other grains, makes a great market for corn farmers and for farmers in general.

(1900)

One gets about 10 litres of ethanol from a bushel of corn. The byproduct, once the starch is removed from the corn to make the ethanol, is an excellent source of feed for beef and dairy cattle. The ethanol is manufactured from a renewable resource, so there is a real plus for everybody. That is not the case with fossil fuels.

What prompted my original question to the Minister of Finance is the cost of production. That is the problem. If we applied the federal excise tax to ethanol and put the provincial excise tax on ethanol, the product would be just out of the question. It would be too costly. People would not buy because of the price. Nobody would choose it as an alternative fuel.

We would miss the manufacturing of it, the sale of it and everything that is associated with it but most important, we would miss the environmental advantages of this friendly product. The assurance I got from the Minister of Finance was okay as far as it went, that the government would not impose an excise tax on ethanol.

Governments come and governments go and these people are looking for a little more assurance than that. What the ethanol industry wanted was assurance similar to the one that Ontario gave the industry not too long ago. The Government of Ontario announced that if a future provincial government wanted to reimpose the provincial excise tax on ethanol, the manufactur-

ers would be compensated. The ethanol industry is asking for that kind of assurance from the federal government.

**Mr. David Walker (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, it gives me great pleasure to participate in this discussion of an issue important to many members of the House.

Hon. members are no doubt aware that the 8.5-cent per litre excise tax exemption for the ethanol portion of gasoline fuels was introduced in the 1992 budget to provide "a level playing field in the taxation of alternative fuels". Prior to 1992, federal excise taxes on motor vehicle fuels did not apply to propane, natural gas or pure methanol or ethanol used as motor vehicle fuels. However the excise tax was imposed on all gasoline fuels, including ethanol and methanol blends.

The exemption from the excise tax for the ethanol and methanol portion of blended fuels was introduced to ensure that all alternative fuels were subject to the same federal excise tax treatment during a period of technological and marketing development of these fuels.

I should note that the excise tax exemption is limited to gasoline blended fuels that use ethanol and methanol made from renewable feed stocks such as corn, grain and wood. Ethanol fuels derived from biomass offer a number of environmental benefits that generate, for instance, lower levels of carbon monoxide than in the case of gasoline.

[*Translation*]

The excise tax exemption for gasoline-ethanol blends continues to be entirely consistent with the government's current policies on the tax treatment of alternative fuels. Therefore, I would like to assure members that the ethanol and methanol that are produced from biomass and used in gasoline-type fuels will remain exempt from the 8.5 cent per litre excise tax during the course of this government's current mandate.

By encouraging the blending and marketing of ethanol-gasoline blends, this commitment should be of significant assistance to Canadian ethanol producers. It should also benefit the agricultural sector by providing additional domestic markets for grain and corn, as well as the potential for new markets for wood and agricultural waste products.

(1905)

## YOUTH ACTION PLAN

**Mr. Antoine Dubé (Lévis):** Mr. Speaker, on April 14 last, I put a question to the Minister of Human Resources Development concerning his youth action plan.

Instead of answering my question about the jurisdictional conflicts arising from his action plan, the Minister of Human Resources Development merely criticized the fact that I was denouncing his action plan. This is rather odd, since I thought it

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was the duty of an opposition member to criticize the government's actions and that this was not the least bit unusual. This is what I was told. Yet, there was the minister criticizing me.

I felt an even greater duty to criticize the plan since it represented another intrusion into an area of provincial jurisdiction, namely education. Let me show you what I mean.

First, let me read the title of the action plan. I have no problem with the first part of the title, "Youth Employment". This is, admittedly, an area of shared jurisdiction.

The second part of the title reads as follows: "And Learning Strategy". Can this title make it any clearer that education is involved? May I remind hon. members that education is an area of exclusive provincial jurisdiction. Yet, there was the Minister of Human Resources Development announcing on April 15 last a strategy which is one more example of federal intrusion in the field of education.

Let us begin by examining the first measure, Youth Service Canada. The first stream identified as a priority area for projects is community development and learning, to quote the action plan, "in the area of education". No effort whatsoever is made to hide the fact.

A second Youth Service Canada component which pertains to education is the education voucher. Following a period of service lasting nine months, participants receive a bonus of \$2,000 in the form of an education voucher.

The second measure is the Youth Internship Program. This is a new title designed to avoid any reference to apprenticeship programs. We now speak of youth interns. What does the action plan have to say about youth interns? In the second paragraph, it says that "the federal government is acting to implement new entry level training models". Further on, on page 6, third paragraph: "The standardization of existing training plans will ensure that programs are based on common standards and thus have applicability across Canada."

I will skim over the Summer Employment Program which poses no problems as far as jurisdiction goes, as well as the increases in student loans, although I would like to mention here that among students, notably those in Quebec, 16 per cent are unable to repay their student loans and are forced to seek protection under the bankruptcy legislation. And what is the minister doing? Well, he is increasing the level of indebtedness of students.

On page 11 under Learning Initiatives, mention is made of setting national training goals, of updating existing training measurement tools, of putting multimedia resources and computers in place in schools, of facilitating the dissemination of information on key learning issues and, finally, of maintaining

the stay in school program. All of these are education-related initiatives.

Following the unveiling of this program, three provinces decided not to attend the federal-provincial meeting scheduled for the following Monday. That very same day, the Liberal Party and the Parti Québécois joined forces in the Quebec National Assembly to unanimously pass a motion calling upon the federal government not only to refrain from any further intrusion in, but also to withdraw from the field of manpower training.

Finally, last Friday, the *Conseil permanent de la jeunesse*, a paragovernmental agency in Quebec, held a press conference to denounce as well federal intrusion in the area of manpower training. I would have liked to put my question to the minister, but I see that his parliamentary secretary is not present. I hope that someone is on hand to speak on his behalf. Normally, we should get an answer to our question.

(1910)

When will the federal government withdraw from this field—

**Mr. Patrick Gagnon (Parliamentary Secretary to Solicitor General):** Mr. Speaker, the federal government, like the Government of Quebec, is committed to investing in Canada's youth, especially by providing our young people with the knowledge and skills needed for the jobs of tomorrow.

In so doing, the federal government does not intend to question provincial jurisdiction over education. It is the government's intention to help young people in this country through programs that complement, and I do mean complement, those that the provinces offer.

[English]

In fact there have been ongoing discussions with all the provinces on all four components of the youth employment and learning strategy.

[Translation]

The federal government's role is more that of a presenter. The provinces will take part in implementing pilot training projects for young people. These projects will be based on current provincial programs and will respect provincial priorities.

We will also encourage the provinces to establish, adjust or propose mechanisms in addition to the three which already exist in the youth training program, namely sectoral initiatives, work-study co-op program and project-oriented training.

[English]

With regard to internship in Quebec, we have received very positive feedback from the province and the provincial education ministers on youth internship programs.

*Adjournment Debate*

[Translation]

Our government wishes to harmonize its training initiatives for young people with those of Quebec and other provinces. We will pursue productive and effective discussions with the provinces to find the best ways to help all young people wherever they live in Canada.

## VIA RAIL

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup):** Mr. Speaker, on March 24, 1994, I questioned the Minister of Transport on the rationalization of VIA Rail operations. The minister gave me the following answer:

If there is no dramatic improvement in VIA Rail's ability to provide service within the budgets allocated by the federal government, then some major changes will certainly be made.

I urge the minister to consider the November 1989 report of the federal Liberal task force on VIA Rail, whose members included over 15 Liberal members now sitting in this House and which made recommendations on what VIA Rail should do and on what could be done to make it profitable and efficient. One of the conclusions was this: "We must however show foresight by immediately introducing a program of expenditures—they were not talking about cutbacks or rationalization—of investments aimed at upgrading the whole VIA Rail network".

This report signed by more than 20 federal Liberal members shows how they felt about all this. The Minister of Transport would be well advised to consider it and perhaps to make it his policy to ensure that VIA Rail becomes profitable and efficient in the future, so that we in Eastern Quebec can stop working desperately to keep our rail service, as we have been doing for at least 10 years.

I urge the federal government to assume its responsibilities in this area before dealing with education and other issues. It is always advisable to look at the consequences of our actions to see if we did the right thing. I am thinking in particular of the hon. member for Bonaventure—Îles-de-la-Madeleine who has a major responsibility in this area because rail service in his region is cast in doubt year after year. The whole line that goes as far as the Maritimes is also called into question year after year.

One would think that, when federal parties go from being in opposition to forming the government, their vocabulary suddenly changes and they start defending regional underdevelopment, when we could turn rail line development into an important tool to provide our regions with the basic transport infrastructure needed for the development of small and medium-sized businesses in our communities, thus contributing to local growth, instead of always being on the defensive and only seeing the little cuts that can be made here and there.

What I found rather surprising is that when the Liberal Party of Canada was in opposition, their recommendations were, for example, to improve the equipment and infrastructure; to upgrade and introduce high-speed trains—they settled for low speed instead; to revive track-guided buses; to make fares and schedules more flexible; to involve the public.

In this sense, we think it is important to impose a moratorium on the elimination of rail service in Eastern Canada, as was done in Western Canada. Especially since we know that, in a 1989 report written in the last Parliament when it was in opposition, the government advocated involving the public in the future of VIA Rail. I would ask the current government why it does not honour the commitments it made when it was in opposition. We are not talking about independent members but about an official report of the national Liberal caucus, several members of which are now ministers who should make appropriate representations to the Cabinet.

I hope the hon. member for Bonaventure—Îles-de-la-Madeleine will convince his government to stand firm and honour the commitments it made in the report of the national Liberal caucus.

**Mr. Joe Fontana (Parliamentary Secretary to the Minister of Transport):** Mr. Speaker, I am pleased to reply to the comments made by the hon. member for Kamouraska—Rivière-du-Loup. It is always important to put one's comments in perspective. The Minister of Transport did not hide the fact that the government has no other money to give to VIA Rail.

[English]

The future of VIA Rail will depend on the availability of financial resources both from the government and from passenger revenues and will be affected in large part by the outcome of the current labour negotiations that are under consideration now. After these negotiations VIA will present its plans to the government at the appropriate time and we will deal with them then.

The government supports VIA's current efforts to maximize efficiencies of its operations before a decision is taken on the long term future of the corporation. For my friend's information, VIA has made fantastic gains in the past three years in terms of efficiencies in its operations, in terms of manpower, in terms of locomotives, in terms of equipment. They have made great gains but more can be done.

Clearly there can be no immediate service changes. VIA must present a proposal to the government. I repeat there can be no cuts without the government's approval.

It is very important that the Canadian people and goods be moved efficiently throughout the country. Canadians want to see a workable, affordable transportation system. It would be premature to speculate on service changes, aside from the fact that VIA will operate a network which Canadians can afford.

*Adjournment Debate*

In addition, the member spoke about the Liberal task force. I was one of the co-authors of that task force, as many of my colleagues know. We will take some of those task force recommendations into account as the minister and the government take a look at the options available. We will also look at ways of modernizing the VIA network. We will look at those recommendations, as I said.

More important, the member should understand that. He talked about whether the government should intrude in areas of provincial jurisdiction. This is one place where in fact the

federal government would work with the provinces, as it has in Ontario. We would welcome co-operation with the Quebec government, municipalities, the private sector, community groups, all to come and play and be part of the solution so that we can maintain a viable national VIA network across the country.

**The Acting Speaker (Mr. Kilger):** It being 7.18 p.m., this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 7.18 p.m.)

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