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(HANSARD)

Tuesday, November 21, 1995

Speaker: The Honourable Gilbert Parent

CONTENTS

(Table of Contents appears at back of this issue.)

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HOUSE OF COMMONS

Tuesday, November 21, 1995

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

INTERPARLIAMENTARY DELEGATIONS

Mr. Bob Speller (Haldimand—Norfolk, Lib.): Mr. Speaker, pursuant to Standing Order 34, I have the honour to present to the House a report from the Canadian branch of the Commonwealth Parliamentary Association concerning the 41st Commonwealth Parliamentary Conference in Colombo, Sri Lanka from October 3 to 13, 1995. It is tabled in both official languages.

* * *

PETITIONS

INCOME TAX

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition which has been circulating all across Canada. This particular petition has been signed by a number of Canadians from Edmonton, Alberta.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society. They also state that the Income Tax Act discriminates against families that make the choice to provide care in the home to preschool children, the disabled, the chronically ill or the aged.

The petitioners therefore pray and call on Parliament to pursue initiatives to eliminate tax discrimination against families that decide to provide care in the home to preschool children, the disabled, the chronically ill or the aged.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

● (1010)

[*English*]

POINTS OF ORDER

STANDING ORDER 109

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I rise on a point of order, notice of which I gave the Chair this morning.

This point of order concerns the government's disregard of Standing Order 109, under which it is required within 150 days of the presentation of a report from a standing or special committee to table a comprehensive response.

On June 20, 1995 the Standing Committee on Environment and Sustainable Development presented its fifth report concerning its review of the Canadian Environmental Protection Act in the House of Commons. According to Standing Order 109 the deadline for the government to table its response to this report was yesterday, Monday, November 20. As of today, Tuesday, November 21, the government has not tabled its response and has given no indication of when it might do so.

Mr. Speaker, on April 19, 1993 your predecessor ruled on two questions of privilege raised by the members for Scarborough—Rouge River and Winnipeg South Centre relating to the issue of the late tabling of documents. In his ruling the former Speaker had this to say:

Supply

I find the situation particularly disheartening—There are people in departments who are supposed to know these rules and are supposed to ensure that they are carried out.

In both of these cases the government failed to do so until after the matter was brought to the attention of this House—

As members are well aware, the tabling of documents constitutes a fundamental procedure of this House.

It is part of our rules and ensures that members have access to the information necessary to effectively deal with the issues before Parliament.

Your predecessor ruled that the Standing Committee on House Management should examine the issue of late tabling and the House agreed to such a motion moved by the member for Scarborough—Rouge River.

Consequently, the committee tabled its report on this matter on June 17, 1993.

The committee report stated:

The Speaker's ruling clearly sets out the issues involved.

There are provisions in the Standing Orders of the House as well as many statutes passed by the House that require documents to be tabled in the House within certain time periods.

Non-compliance with a deadline set out in a statute or the standing orders is a serious matter. It constitutes a breach of law, or a rule of the House.

The committee believes that the statutory and procedural time limits must be complied with.

I continue to quote from the committee's report:

If a document cannot be tabled within the prescribed time, the responsible minister should advise the House accordingly before the deadline; it is not acceptable that the deadline be ignored.

It may be that the time periods set out in the Standing Orders and certain statutes need to be reviewed and, where necessary, amended.

Until this is done, however, it is essential that the deadlines be respected.

Therefore, Mr. Speaker, I rise today to ask that, as the committee that studied this matter recommended, until these time limits can be reviewed, you rule that the government should immediately table its response to the fifth report of the Standing Committee on Environment and Sustainable Development as required by Standing Order 109.

The Deputy Speaker: I thank the hon. member for The Battlefords—Meadow Lake for putting his point so succinctly.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I just discovered the situation the hon. member has described a few moments before the sitting opened. Had I been aware of it beforehand, certainly I would have made inquiries in order to provide him with more detailed information for the reason for the apparent lapse in the filing of this document on time.

I assure the hon. member I will take the matter up with the Minister of the Environment and make inquiries as to why there has been this apparent delay in the tabling of the report.

I thank the hon. member for drawing the point to the attention of the House. The comments he makes with respect to the application of the rule and its importance to the workings of the House are extremely apt and timely. I do not disagree with his suggestion in that regard.

I will have to look into the facts surrounding the preparation of the government response to the report and get back to the hon. member and to the House at the earliest possible time. I hope to be in a position to do that shortly after question period today.

The Deputy Speaker: The Chair will take the matter under advisement and thanks both members for their submissions. I will expect the hon. parliamentary secretary to report back to the House as indicated earlier today on this matter.

• (1015)

STANDING COMMITTEE ON FINANCE

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I rise on a point of order. I think you might find disposition on the part of the House to give unanimous consent to the following motion. I am sorry I was not ready to present it at the appropriate time in Routine Proceedings. I move:

That, notwithstanding the provisions of Standing Order 83(1), the Standing Committee on Finance may make an interim report on the matters referred to in the said standing order no later than December 12, 1995 and may deposit its final report thereon with the Clerk of the House on January 17, 1996.

I understand there have been various discussions among the parties in respect of the motion and agreements reached in the Standing Committee on Finance. It is the intention of all parties that those commitments be fulfilled in respect of the adoption of the order.

(Motion agreed to.)

GOVERNMENT ORDERS

[Translation]

SUPPLY

ALLOTTED DAY—CANADIAN AEROSPACE INDUSTRY

Mr. Jean-Marc Jacob (Charlesbourg, BQ) moved:

That the House condemn the government for having dropped the Canadian content requirements in the contracts for the purchase of military equipment and refusing to set up a genuine program for the conversion of the military industry, thus endangering the Canadian aerospace industry located in Montreal.

He said: Mr. Speaker, my remarks in support of the motion I put forward will certainly go beyond this motion concerning the latest statements made by the defence minister and the Department of National Defence about the acquisition of certain pieces of equipment.

First of all, this motion condemns the government for having dropped the Canadian content requirements in the latest helicopter contract announcement, when this condition was clearly respected and even required in previous contracts.

I started by reviewing how this matter had evolved, a situation that has prompted us to table this motion. During the summer, the minister of defence announced the acquisition of British submarines, which were to cost \$1.6 billion excluding maintenance, staff training, and renovations.

An hon. member: We did not buy them.

Mr. Collenette: You are still dreaming.

Mr. Jacob: Just one moment. I see that the department is reacting rather quickly, and I will give you enough time to respond. Allow me to continue.

Given the population's strong, I would even say violent, opposition to the purchase of these submarines, they came back with a new formula. The cost of the submarines went down to \$500 million with ill-defined exchanges of training time. Again, there is uncertainty.

The minister announced at the time that negotiations had not started and would be postponed. They waited until the middle of August, while it was still summer, before telling us that they had bought new armoured personnel carriers for our Canadian soldiers.

We see that the Canadian content is very high. The contract was awarded without tender to a London, Ontario, company, a General Motors subsidiary, for the manufacture of armoured personnel carriers. I then said on behalf of the official opposition that buying new armoured personnel carriers was a waste of money when we already had over 1,700 of them in stock and when only about 215 or 218 were used for the most part during the mission in Bosnia.

• (1020)

The minister had indicated at the time, during special joint committee hearings, that a report had been prepared and that the Bloc Québécois agreed with the procurement of these armed personnel carriers.

Unfortunately, I do not think that the minister bothered to read the Bloc's dissenting report, because this report, drafted by the Bloc Québécois members of the Special Joint Committee on Canada's Defence Policy, clearly stated that, in our view, buying new APCs for better armour protection was only justified if

Supply

Canada and its peacekeepers were to continue to take part in warlike actions and armed conflicts.

My understanding, based on what was discussed at committee and elsewhere, was that a review of Canada's peace effort was contemplated and that we would only participate in missions that did not involve the use of weapons, as was always the case in the past for our peacekeepers. It seems very clear to me that, if the nature of peace missions was to be changed to focus again on peacekeeping—the kind of missions the Canadian Armed Forces have always been involved in and carried out remarkably—there would be no point in having APCs with improved armour since our role would have changed. That was clearly stated in the Bloc's dissenting report. In this regard, the Bloc Québécois always stood by its policy, remaining steadfast, regardless of what the minister and his department might say.

Coming back to the history of the tendering for APCs, a certain company was awarded without tender the \$2 billion armoured vehicle acquisition contract.

From then on, nothing could be done. When the government makes a decision without taking into account the fact that we oppose the acquisition of armoured personnel carriers and awards the contract, since all members have the duty to look after the interests of the people they represent in their region or province, we ask that the government at least acknowledge the existence, in Quebec, of a company whose expertise in manufacturing armoured vehicle turrets is internationally recognized and we even go as far as demanding that the contract and economic benefits be split.

Shortly before the referendum, as I recall, the Minister of Intergovernmental Affairs had sent a letter to Oerlikon stating that it would, of course, be considered for a later turret manufacturing contract with GM. Later, we learned that there were no dealings between GM and Oerlikon and that it was out of the question for GM to be forced to go with Oerlikon. The turrets can easily be ordered from the U.S. They had no qualms making this kind of statement. This reminds me that all this love expressed before the referendum now appears to be dissipating like some sort of vapour blown away by the wind.

I would like to add, regarding this famous armoured vehicle renewal contract, that this is another instance where there seems to be something of a double standard. As far as the work to be carried out in Quebec is concerned, no problem, no requirements need to be set. On the other hand, for those vehicles to be overhauled in Chatham—because Chatham was affected by base closures—the minister said the part of the work on the 450 armoured vehicles must be carried out in Chatham to offset the losses caused by the closure of CFB Chatham.

Strangely enough, there is no infrastructure whatsoever in Chatham to support the repair and overhaul of these vehicles. This means that subsidies will have to be granted, as this was done—as several members probably remember—for the Canadian patrol frigates, since Halifax did not have the basic infrastructure required to build the frigates. Between \$350 million and \$360 million was spent in subsidies to put the

Supply

infrastructure in place so that the shipyard could secure the contract.

• (1025)

A competitor for MIL Davie, in Lauzon, which had the required infrastructure to execute the contract, appeared out of thin air. Something similar is happening now. When there is a closing in a place such as Chatham, some compensation must be made through economic spinoffs. Consequently, the government requires that the upgrading of the 450 armoured personnel carriers be done in Chatham.

As for the closure of the military college in Saint-Jean and the downsizing at the military base in that municipality, the government should use the same approach, avoid any double standard and say: "Yes, the Saint-Jean region was adversely affected. Consequently, since Oerlikon is located in the area, we should tell GM that a portion of the armoured personnel carriers contract ought to be awarded to Oerlikon". But no.

The minister tells us that he cannot get involved in the discussions going on between the companies. If this is the case, why is it that he can require that part of the upgrading be done in Chatham, where there is no existing infrastructure, but cannot do so when a similar situation occurs in Quebec?

I now move on to the helicopter issue, more specifically the recent announcement made by the defence minister concerning the acquisition of 15 search and rescue helicopters. During the review of Canada's defence policy, the Bloc did agree with the acquisition of search and rescue helicopters.

However, it did not agree with buying armoured personnel carriers and submarines and this is clearly stated in the dissenting report. It might be worth taking a look at that document, so that we are not accused of being inconsistent. The fact is that we did show consistency in our approach to this issue.

In the case of the helicopter contract, there is again some sort of a double standard. There is really no Canadian company that builds search and rescue helicopters similar to the Labrador. You have to go to Boeing with the Chinook, Sikorsky with the S-70, Eurocopter with the Cougar, and Agusta-Westland with the Cormoran, as well as another Russian company.

In Quebec, there is Bell Helicopter. This Quebec company, Canadian company builds helicopters that do not quite meet the requirements of the defence department for search and rescue helicopters. Therefore, the minister decided to call for tenders. Since no Canadian company builds these helicopters, a call for tenders can be made. No Canadian content requirement has to be met. Yet, in the case of these helicopters, we could, given the existing infrastructures, have part of the contract executed by a

Canadian company, or at least demand that this be done, as in the case of Chatham, or in the case of GM, in London.

As mentioned by the special joint committee in its discussions on the procurement policy, the government is adamant about calling for tenders, to save money. However, if you use that approach, you have to do it all the time and in a consistent manner, regardless of which industry is involved, or whether that industry is located in Quebec or in Ontario. It is difficult to see any consistency in the approach used by the department, since it applies a given measure in one case and different one in another situation.

Let me give you another example. By calling for tenders the defence minister is saying, we do not trust our Quebec companies. Bell could bid to provide a portion of the helicopter's equipment, and Oerlikon could bid to build the turrets of the armoured personnel carriers. We want some Canadian content and we want to award contracts to existing companies, but the minister tells us that we do not trust our companies.

• (1030)

It seems to me that he has a funny way of showing his lack of confidence in Ontario companies, since in the past five years the federal government has awarded more than \$3 billion worth of contracts in Ontario without any bidding process.

I would like to see the same rule apply. If Canadian unity and the federal government are so profitable to the provinces, let them put their money where their mouth is. As far as I am concerned, the only thing they are giving is one more demonstration that, in the case of Quebec and, I might add, some other provinces as well—Parenthetically, let me add, in connection with the base closures in the west and the expansion of the base in Edmonton, when you evaluate all of the costs of closing and reconstruction, there are no savings; it will cost \$60 million more.

There are some unkind souls who would say: "Tough luck for those living west of the Rockies, west of Edmonton, because they had the misfortune of voting Reform and this is when the bases got cut in their region". I am beginning to realize that this is a kind of repeat performance: if you do not vote for the Liberals, you pay for it afterward.

If that is how Canadian unity is created, I am even more anxious for Quebecers to finally wake up to the reality. I have the impression that perhaps our colleagues in the West might appreciate that too, at some point.

Mr. Lavigne (Verdun—Saint-Paul): Like in Northern Quebec?

Mr. Jacob: The comments of my colleagues across the way are most amusing.

To continue, I would like to add that, during the defence policy review, we discussed procurement policy. A degree of agreement was reached that National Defence ought in future to purchase from companies already equipped with the necessary expertise and infrastructures, in order to make optimum use of the taxpayers' funds.

Here again, in the Bloc's dissenting report, reference was made to certain situations in which it had been found that there had been overruns, sometimes extremely substantial, and that the construction of certain plants had cost the taxpayers dearly. I referred earlier to the fact that Halifax got infrastructure subsidies in order to obtain the frigate contract. Under such circumstances, the costs are definitely greater.

Except where it would be more profitable to acquire systems already available within Quebec or Canada, I am convinced that this procurement policy is a good thing, nevertheless.

We must, however, avoid simplistic analyses of the situation. In some areas of activity, there are Canadian and Quebec firms which are totally competitive and competent and, contrary to some people's desire to see all defence spending curtailed or totally abolished, I feel that it is definitely necessary. The defence industry, whether in Quebec or in Canada, includes certain high tech jobs I feel are very important, if not vital, for certain regions, whether in Quebec or in elsewhere in Canada.

However, as I said right at the start, it is important to have a procurement policy but it must be applied consistently, whether in a given sector within Quebec or elsewhere in Canada, the Maritimes or Ontario for instance.

In the dissenting report, reference was made to the necessity of our immediately opposing abandonment of the regional redistribution policy, because it might serve the interests of Quebec businesses in coming months.

• (1035)

The systems whose manufacture is currently in the planning stages call for technical expertise located outside Quebec, whereas the opposite situation has prevailed in the past.

For this reason, Quebec may well find it increasingly harder to secure its "fair share" in future. It is unthinkable that a policy that has been a barrier for Quebec in the past could be terminated now, at a time when it could be invaluable.

That is what we said in the dissenting report prepared by the Bloc Quebecois. When the minister says we agreed, we did have certain reservations. The minister says we agreed with the purchase of armoured personnel carriers, but we had certain reservations and as far as the submarines were concerned, we were definitely against that purchase.

Supply

I may add that at the Department of National Defence, at Defence headquarters, there is a policy for defence procurement. It is dated June 1995. This is not old stuff. This is an internal document circulating within the department.

Here is one item that states: "Contribute to long term regional and industrial development and to achieving relevant national objectives".

This is another one: "Priority shall be given to products and services that are respectively manufactured and provided in Canada and to certain other products and services if there is sufficient competition".

During the 1993 election campaign, the Liberals often referred to a defence conversion program, and in fact this was part of the Liberal Party's wonderful red book. They have now been here for two years, and I wish someone would show me an example of defence conversion. In any case, it certainly did not happen in Quebec. If it did anywhere else, it was a well-kept secret. Maybe in the maritimes because I vaguely remember that at some time, the Minister of Supply and Services tried to take a certain amount from the Department of National Defence for some industry.

Unfortunately, in every case the defence conversion program proposed by the Liberals—and unfortunately people often call this having a selective memory—when the Bloc Quebecois approved the cancellation of the EH-101 helicopters, that approval was conditional on the implementation of a thorough and practical defence conversion policy.

It has now been two years and nothing has transpired. Some of my colleagues will expand a little on the DIPP and the new development fund for defence conversion. Let us face it, this is a worldwide phenomenon. Since the end of the cold war, the defence industry has not been in the best of shapes. Just in Quebec, in the past five years, deliveries of defence products have declined by 48 per cent.

This means Quebec has lost nearly 30 per cent of the jobs connected with Canada's defence industry. Neither the policy nor the promises in the Liberal Party's red book with respect to defence conversion specify how this is supposed to work.

Several times the minister of defence told us that his budget had no money for defence conversion and that it was the responsibility of the Department of Industry. In the red book it was put very clearly, but we have seen no results. When we in the Bloc point out that certain expenditures seem to be a waste of money and the government goes ahead anyway, we have no choice but to ask the government to apply the same economic spinoff policies it applies to Ontario or the maritimes but not to Quebec.

Supply

• (1040)

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the 1994 White Paper on Defence, published last December provided a mission statement for the basic roles of the Department of National Defence and the Canadian Armed Forces in a post cold war context.

The Department of National Defence's mission is to protect Canada, to help keep the peace in the world and to promote Canada's interests abroad.

Policy focuses on keeping the armed forces versatile and combat ready, buying the broadest possible range of military options at a reasonable price in Canada. Maintaining the forces enables us to carry out our major defence roles, that is, of defending Canada and North America and contributing to world security.

The defence policy responds to pressing needs to reduce federal government expenditures in order to resolve Canada's serious financial problems. Defence programs, arising from the 1995 federal budget, are totally in keeping with the policy set out in the white paper. Military expenditures will be brought below \$10 billion over this year and the coming two years. Even though the \$1.63 billion reduction over this period represents a 14 per cent reduction in absolute terms, the department will in fact lose more than 18 per cent of its purchasing power. I see this as a victory.

Our budget has been cut. We will nevertheless take a number of measures to increase the forces' operational capacity. For Canadian forces to be able to retain their combat potential they will be provided with indispensable equipment such as the armoured personnel carriers the government has just announced. I noted that the hon. member spoke a lot about armoured vehicles and I will come back to this a little later on in my speech.

The acquisitions program will focus on extending equipment life whenever it is cost effective to do so. Only equipment vital to maintaining Canadian forces capability will be acquired and procurement will be off the shelf whenever possible.

[*English*]

Let us talk about this whole question of off the shelf procurement and why it makes sense. I would like to dispel a number of myths that have developed about off the shelf buying which have appeared recently in the press, certainly in the press in the province of Quebec.

It is a great oversimplification to think of off the shelf buying as getting something that is all packaged and ready to pluck from a local hardware store. The department of defence has been developing and putting into practice a much broader concept of an off the shelf acquisition process, one that incorporates

elements of a much simplified, less prescriptive acquisition approach. This process can be viewed as buying better and buying smarter in a more businesslike fashion in acquiring goods and services. It maximizes the use of existing industry products, practices and technologies.

The underlying rationale for this approach is an attempt to reduce costs in buying and supporting equipment. Clearly off the shelf acquisition is good for taxpayers since it does reduce costs and puts our limited money where it is needed most. It is good for soldiers, sailors, airmen and airwomen because it quickly gets the needed equipment to them and ensures we have combat capable forces.

My colleague the parliamentary secretary will talk a little about the former practices of developing ideas, concepts, specifications, the contracting process, Treasury Board approval and how long it takes. He will talk about that from the perspective of being a former naval officer, about what it means to the men and women in the forces in relation to the delay in getting equipment.

Off the shelf procurement is good for industry. Canadian industry, especially in the aerospace sector, is now quite mature, has good capability and can compete with the best in the world.

[*Translation*]

I am surprised by the attitude of my colleague opposite, by his lack of confidence in the Canadian aerospace industry, which is located in the province of Quebec. He has no confidence in his own industries, in his own province. This is further evidence of the repressive mentality of the separatists and the sovereignists, which views Quebec as poor and fragile. I for one do not accept this argument.

• (1045)

[*English*]

In the recent past there has been an increasing emphasis within defence on off the shelf acquisitions. Basically we are trying to do a number of things. Wherever possible we try to purchase equipment where the performance has been demonstrated in the field. We try to evaluate carefully the cost of marginal increases and the capability of new equipment. We try to avoid unique Canadian solutions that require expensive and risky research development or modification of existing equipment. It sounds to me like that is not a bad idea.

In other words, we in defence and in the government at large are becoming smarter buyers. We are maximizing the purchase of what is already available to meet defence requirements. We think this is essential for the Canadian forces because it provides our troops with the necessary equipment in a timely and cost effective manner. We have been very consistent in moving toward a greater alliance on off the shelf procurement.

[*Translation*]

In its 1994 report, the Special Joint Committee on Canada's Defence Policy—I see that the hon. member was on this committee—recommended that the procedure for buying military equipment be simplified. The committee called for a commitment to buy off the shelf military equipment and to avoid complex procedures for buying custom made products. The report also said that DND's acquisition policy should emphasize off the shelf products.

Favouring off the shelf equipment does not mean that DND will not consider the need for regional industrial benefits in Canada, but there will be times when it is totally appropriate from an economic point of view to buy commercially available products. DND will certainly not want to needlessly increase procurement costs and pay for extra work in order to provide regional benefits.

It is very interesting to note that, in his contradictory comments on the report of the Special Joint Committee on Canada's Defence Policy, the hon. member from the Bloc stated that procurement cost overruns are due in large part to the Canadian content restrictions, for which taxpayers had to pay more because the existing industrial base could not meet the needs.

What you have here is a glaring contradiction. What the hon. member said today contradicts his Bloc colleagues' minority response to the report of the Special Joint Committee on Canada's Defence Policy, as well as all the sovereigntist arguments we have heard in recent months. They are always contradicting themselves.

[*English*]

I want to deal with one of the real canards—we use that in English, but we do not use it in French in quite the same way—the hon. member has thrown on the floor of the House of Commons: this notion that the province of Quebec is once again subjected to terrible things by the federal government, in this case in the area of defence.

Quebec has about 25 per cent of the population of Canada. About 20 per cent of total defence expenditures are spent in the province of Quebec, not quite the 25 per cent. However, when it comes to capital purchases it is about 27 per cent. That is because much of the defence industry in this country is located in the province of Quebec.

The hon. member, as I said earlier, does not seem to have confidence that the industry in his own province can compete in the case of the search and rescue helicopters and in the case of the armoured personnel carriers. He gives the impression that the armoured personnel carriers are going to be totally and

Supply

absolutely built, every bolt, every part, in London, Ontario. That is crazy. He knows that is not the truth.

The GM diesel division in London, Ontario assembles—and it does a very good job—the armoured personnel carriers, but most of the parts, the motors and other equipment come from other places. Guess what? Some of those places just happen to be in the province of Quebec, but he would not admit that because he does not have faith.

• (1050)

This is one contradiction we see in the separatist argument, whether it is on national unity or on something like defence. They do not have confidence in themselves. They do not have confidence in what Quebec has attained within Canada. The aerospace industry is primarily situated in the province of Quebec, and it does a pretty good job. We recognize that. However, it would be nice if somebody like the hon. member and his party, the Bloc Québécois, would recognize and have confidence in their own industry.

Let us talk about how Quebec has really been put under the thumb in recent years. One of the few things the previous government did that I could support was direct a contract to Bell Helicopter in Montreal. The hon. member stood a few minutes ago and lambasted us for directing the contract to General Motors diesel division. The Tories did that, and guess who the beneficiary was? It was Bell Helicopter. The condition was that they would build a brand new plant in Mirabel. I have been through the plant and I have been on the new Griffon helicopters, and they are outstanding. That is technology that is in Quebec. The hon. member does not recognize that. It was a \$1.2 billion contract.

[*Translation*]

A \$1.2 billion contract was awarded to a Quebec company, Bell Helicopter.

[*English*]

Why? Because Bell Helicopter agreed to establish this plant as the prime builder for certain lines of helicopters. It gave the world product mandate to Bell Helicopter in Montreal.

General Motors of the United States has done the same thing in Ontario on armoured personnel carriers and with diesel locomotives. The diesel division of General Motors has a world product mandate.

The hon. member could be mired in the isolationist, regional politics of Quebec and of the past grievances, but I think even the sovereigntists in Quebec have to appreciate that the world has changed, that we are competing globally, competing in a North American free trade environment.

After making very painful adjustments, which hurt Quebec and hurt Ontario in many of the manufacturing industries, Canada is now starting to see some light. It is companies like General Motors and Bell Helicopter and a raft of others that are getting the world product mandate for particular equipment,

Supply

systems, and technologies that will be the future of Canada and the future of Quebec.

The hon. member has consistently attacked the government defence policies with respect to closures.

[*Translation*]

It is not true to say that the closure of the Collège militaire royal is the only closure in the country under the budget of two years ago, it is not true.

It is very difficult as a Liberal minister to close bases in Cornwallis and Shelburne, Nova Scotia and elsewhere in the province, in Ottawa and Toronto and in Chatham, New Brunswick. It is very difficult to close these bases. We closed 30 bases across the country, but the word is the government closed only the Collège militaire royal in Quebec. It is not true. This is another example of selection of incorrect information.

In the last budget, we announced the closure of the base in Chilliwack, British Columbia. One of the measures is to move a school—where, you ask—to the Saint-Jean base in Quebec. Oh no. The poor people of Quebec do not get their share of military installations. Not true. We moved the cadet and recruit school from Cornwallis to the Saint-Jean military base, to the big complex, the big building. We moved this school, and, in the last budget, we announced the move of the Chilliwack school to Saint-Jean.

• (1055)

He talks about the expansion of the base in Edmonton, Alberta, as a major base. I know you are very interested in this base because you are a member for Edmonton. This is logical.

The hon. member neglected to tell the House that we expanded the Valcartier base, in his own riding. It is a big, big undertaking. He is well aware that a lot of buildings went up and that there was a lot of construction in his riding, but he forgets to mention it. It is a political issue, because Quebec is always the victim in the Canadian yoke. Not true.

[*English*]

What we see here are inaccuracies, half truths, a selection of facts that do not add up with what we have done.

They want to talk about French speaking Canadians in the armed forces. About 30 per cent of the army are francophones. About 27 per cent of our officer level are francophones. We have had no trouble recruiting for the Royal Military College in Kingston.

The debate we had was interesting. My good friend, the hon. member for Kingston and the Islands, has successfully worked with local officials in Kingston to expand the college.

[*Translation*]

I am proud as a Canadian to visit the Royal Military College in Kingston and to see that it is bilingual. It is an institution that is not in the province of Quebec, but it is entirely bilingual. Every day, both English and French are spoken there. The atmosphere is very Canadian, bilingual, and I think it came about as the result of a decision to concentrate everything in Kingston.

However, I am told the hon. member for Charlesbourg visited the college with a colleague and was disappointed. He was really disappointed, because he could find nothing to criticize. He spoke with young soldiers and cadets, and everyone told him things were fine there.

We are well aware that it is not exactly the province of Quebec. We know that Kingston is primarily an English city, but it has a very warm welcome for francophones. The mayor and the people of Kingston, the people at Queen's University and all of the institutions made a real effort to welcome francophones to Kingston.

He was really disappointed. I am told he saw no problems. He was exasperated, because he would criticize the closure of the Collège militaire royal in Saint-Jean daily in the House, and when he visited the college in Kingston, he realized that his criticism was unfounded.

[*English*]

We have here yet another example of the separatists coming to the House and provoking people's emotions. Every night on the news in Quebec we saw stories of how this was terrible, that this particular decision, which was taken for logical financial reasons, was somehow anti-francophone, anti-Quebec. That is not the case.

I encourage any member to go to the Royal Military College in Kingston and speak to francophones from Quebec. They will tell you the atmosphere is welcoming and is conducive to study and conducive to building a great nation with two official languages. That is the by-product of a very tough decision. We do not get that when we listen to the speeches of the hon. member. Somehow the closing of the Collège militaire royal was the only thing that happened in the defence budget that year. The fact is we announced close to \$7 billion worth of actual and projected cuts including the cancellation of the EH-101.

• (1100)

I want to talk for a few minutes about the acquisition program. We are well on target. We have announced the armoured personnel carriers. We have announced the search and rescue. We have not addressed the other two major procurements in the white paper but those will be addressed one way or the other.

The hon. member talks about submarines. How many times does a person have to repeat that the government has not made a decision on whether or not to buy the submarines? If we decide not to, then we will announce it. Then the hon. member will be happy but I am sure he will find something else to criticize. He is

Supply

using this as something with which to whip the government and it is not based on fact.

I say with great respect this motion certainly does not reflect the actual situation in the country with respect to procurement, with respect to Canadian content and with respect to defence policy.

[*Translation*]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, no questions but a few comments.

When the minister says there are contradictions in what we say, I am sorry, but I think that the problem here is with understanding and interpreting what was said. When I said earlier that there were extra costs for Canadian and Quebec taxpayers, this was when there were no infrastructures, as in the case of the Halifax shipyard for the frigates contract. When the infrastructures are there, I made it clear that it is possible, and I said that as well, to save money by going on the market.

When the minister accuses us of bad faith or putting a spin on certain things, I think he is very good at that himself, because, when I made the comparison with Chatham, where the military base was closed—in fact I read what the Premier of New Brunswick had to say about that—the minister compensated by ordering repair work to be done in Chatham. Because the base was closed, the order was given, in this case. In other cases, it was not.

I also mentioned several times that the Liberal Party's red book referred to defence conversion, but neither the minister nor anyone else ever brought this up. When we talk about procurement and we say that Quebec is not getting its fair share, I do not see why, if the infrastructures are there, we should not get the same treatment as everybody else.

Finally, yes, I did visit the Royal Military College in Kingston but the experience did not exasperate me, not at all. This is another wrongful interpretation by the minister. I thought it was a very beautiful location, except there may have been a conscious effort to sugar coat this bitter pill, but it is a nice place, and I did not come back exasperated, not at all.

Mr. Collenette: Mr. Speaker, I forgot to say in my speech that in the point that raised by the hon. member, the reference was to Chatham, New Brunswick.

We made the announcement that there would be some work done in Chatham, because closing that base was more difficult than anywhere else in Canada, but he again forgot to say, and it is only normal that he should forget, that in our announcement we also said that most of the armoured personnel carriers would be repaired, restored and overhauled in the National Defence workshops in East Montreal.

[*English*]

In other words, he talks about the small benefit of 270 person years and about \$50 million that is going to Chatham, New Brunswick. However he does not talk about the \$400 million and all the jobs that are going to be preserved in the east end of Montreal. The people in the east end of Montreal knew what defence did. When the votes came in on referendum night we saw that the no vote was strong in the east end of Montreal, contrary to the predictions made by the hon. member's party.

• (1105)

We have a good story to tell. I only hope that in the future the hon. member will admit to some of the great things we are doing in Quebec, such as continuing the very competent workshop in the east end of Montreal and the preservation of all those jobs.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, it is an honour and a privilege to stand today on behalf of the people of Okanagan—Similkameen—Merritt and all Canadians in opposition to the Bloc motion. I find it strange that the hon. member for Charlesbourg just a few short weeks ago was soliciting members of the Canadian Armed Forces to join a new Quebec armed forces and today he is actually trying to appear to be concerned about the Canadian Armed Forces. It is quite frightening to see this type of motion. I urge the hon. member to seriously read section 62 of the Criminal Code and reflect on his actions of a few short weeks ago.

I also take this opportunity to voice the outrage of Canadians over the mismanagement of the defence portfolio by the Liberal minister. Her Majesty's Loyal Opposition has its own provincial angle on this issue, one which is largely out of touch with that of the majority of Canadians, despite the Bloc's sacred title. The Reform Party, the de facto opposition party in the House, opposes the motion put forward today by the Bloc Quebecois because grassroots Canadians want value for their tax dollars.

Canadians have told us that Canada desperately needs to replace its aging military equipment with new equipment which can meet a certain set of performance criteria. We need to buy this equipment off the shelf so that we can purchase the best equipment with our taxpayers' dollars. I support and I am determined to fight for the removal of all measures which are designed to insulate industries from competition.

Canada is over \$550 billion in debt. Much of our equipment is older than the military personnel using it. We can no longer play

Supply

the regional development game when our armed forces need new equipment within the current environment of fiscal restraint.

This does not preclude Canadian companies in the Canadian province of Quebec from bidding on military procurement. I am confident that Quebec's military and aerospace industry, like the military and aerospace industry in other provinces, is up to the task of competition with other national and international firms. An off the shelf policy is certainly less threatening to Quebec industry than the Bloc's attempts to separate from Canada. That would do more harm to the military and aerospace industry in Quebec than any government policy to seek the best price for military hardware.

The motion is almost amusing in light of last month's referendum.

Can Canadian industry compete with the best in the world? I must answer with a resounding yes. There are dozens of military products and industries which are world class and have succeeded or can succeed in the international marketplace.

The Bloc Quebecois wants to reprimand the government for having dropped the Canadian content requirements in contracts for the purchase of military equipment. That is ridiculous. Canadians know that buying military hardware off the shelf is the only practical way for military procurement in Canada.

Procurement is central to the operations of any military service. In the modern era when weapons systems are so complex and design and delivery stages can extend over a decade, successive Canadian governments have too often over-specified Canadian forces requirements. Successive Canadian governments have also used the military as a tool for industrial benefits and for the pursuit of regional economic development. The result has been costly to Canadian taxpayers and the armed forces.

• (1110)

These factors are responsible for the gigantic bureaucracy for the management and control of military procurement. The costliness of an all Canadian design that has not faced international competition has resulted in our armed forces using outdated equipment. Too many resources were being spent on one megaproject while the modernization and upkeep of existing equipment was put on the back burner.

In other words, whenever possible the armed forces must purchase the most cost effective and capable military platforms, such as helicopters, armoured personnel carriers or submarines. If no Canadian defence industry can produce the entire platform at a competitive price, then so be it. There will still be room for Canadian industry in the development and manufacture of subsystems and in the long term, maintenance of the platform.

In addition to acquiring military platforms for the armed forces in a timely manner the savings to taxpayers would be enormous. The whole procurement process would be simplified. The role of government agencies would be eliminated and significant costs associated with seeking regional benefits would disappear. The end result would be a better equipped armed forces for the money.

In some instances, Canadian industry will be able to compete and acquire a licence to manufacture an existing platform in Canada. I am sure Canadian industries will be highly successful in competing globally for manufacturing rights to existing products. When this occurs the armed forces and the taxpayers will again be the winners. The procurement process will be streamlined. Jobs will be created. Spending will remain in Canada and other Canadian firms will get the opportunity to compete for subcontracts.

My fear is that the Bloc Quebecois motion is actually redundant. I am not confident this government is going to follow through and implement a true off the shelf policy. Let us look at the government's procurement track record so far.

In 1994 the Minister of National Defence tabled his white paper on defence, the first comprehensive look at Canada's defence policy since 1987. In it the minister pays some lip service to the off the shelf concept. The white paper states under the heading of procurement: "The Department of National Defence will adopt better business practices. Greater reliances will, for example, be placed on just in time delivery of common usage items to reduce inventory costs. The department will increase the procurement of off the shelf commercial technology which meets essential military specifications and standards".

While this is hardly a ringing endorsement of an off the shelf, taxpayer friendly way to military procurement, it is a start. Maybe this government's actions are stronger than its words. Let us look at some of the specific purchases by the Minister of National Defence since 1993 and see if he shows some concern for Canadian taxpayers and Canadian military personnel and determine if he has grasped the off the shelf concept.

One of the latest procurement contracts I am aware of is the minister's \$2,000 gold plated pen contract with an Ottawa firm. If the minister had a concern for his troops and Canadian taxpayers, he would have shopped around for a bargain. He would have gone to Grand and Toy and Office Depot, to name two major pen suppliers, which have commercially available pens that could be purchased off the shelf. But no, the minister had a number of specifications. They had to be quill pens with gold engraved lettering and supplied in a crushed velvet pouch. So much for the minister and his lip service to off the shelf.

Wait. Maybe that purchase was just a fluke. Maybe the minister's track record improves when we examine something that is not for his personal use. Let us examine the government's track record vis-à-vis one of the major equipment purchases this government faces. Let us look at this government's handling of the replacement of search and rescue shipborne helicopters.

• (1115)

This sorry tale begins in the dying days of the previous Tory government. Prior to the 1993 election the Conservative government had set in motion the purchase of the EH-101 replacement helicopter. By the fall of 1993 hundreds of millions of dollars had been spent on research and development.

The hefty cost of the EH-101 which totalled \$4.4 billion including training personnel, spare parts, training manuals and training programs prompted the Liberal Party to make a campaign promise to scrap the purchase. This campaign ploy is proving to be costly to taxpayers and a minefield for the Minister of National Defence who has to replace our current deficient fleet while showing the taxpayers that the Liberal government has saved them money.

The fallout from this campaign promise has been great. Our military personnel were told they would have to spend more time flying obsolete and increasingly dangerous helicopters. Our ability to enhance our defences and to get the most out of our new frigates has been deferred. Taxpayers have been forced to waste up to some \$600 million on cancellation fees, but all the costs are not in yet. Some experts are saying that the total could cost Canadian taxpayers up to \$1 billion at the end of the day.

Sadly the Liberal cabinet is playing politics again. The defence minister has publicly committed himself to purchasing new helicopters and finally announced last week that he would purchase 15 new search and rescue helicopters. He boldly proclaimed that they would be purchased off the shelf for just \$600 million. Six hundred million dollars to \$1 billion is the amount the Liberal government has forced Canadian taxpayers to spend on helicopters since the election of 1993. But where are the helicopters? The \$600 million figure like our aging Labradors and Sea King helicopters does not fly.

To purchase the 15 helicopters Canadian taxpayers are really being asked to spend \$1.2 billion to \$1.6 billion when the EH-101 cancellation costs are factored in. That equals about

Supply

\$80 million to \$100 million each. That is probably more than the average cost of each EH-101 helicopter.

The only reason the minister is forced to commit himself to an off the shelf purchase of helicopters is the political game of football the government has been playing with helicopters. The EH-101 cost included spare parts, pilot training, manuals and other incidentals. The defence minister left these costs out of his assessment, making his new search and rescue variant more costly to taxpayers.

There is more too. The minister has lowered the operational specifications for the helicopter by 15 per cent. The EH-101 was not an overspecified helicopter. The EH-101 had a set of specifications to meet Canada's expansive geography and our severe weather conditions. Specifications include a range of 550 miles; a speed of 160 knots; a hover capability for a 7,500-foot altitude; a capacity to rescue and carry nine people; a day, all night and all weather capability including severe icing conditions and the capability of making a safe recovery following the loss of one engine.

The Liberals had wasted so much money calculating the EH-101 deal they could not afford to purchase an off the shelf helicopter that could meet Canada's unique needs.

The announcement that the operational requirements for our search and rescue helicopters is being reduced calls into question the Liberal government's commitment to Canada's search and rescue. What are we telling our fishers and their crew off the west coast of Vancouver Island in an emergency situation? The government is sending them a strong message, scribbled with a pricey quill pen that says: "We may not be able to assist you. The weather is too bad and you are out of range. Good luck".

As for the shipborne helicopters, the cabinet and the defence minister are still wrangling over the difficulty in deciding how to tell the public they need to spend billions of dollars on a project they cancelled as a campaign promise.

• (1120)

I expect to see the same result with the shipborne helicopters as with the search and rescue variety. Canadians will get at best an inferior helicopter in less numbers for the same price as the EH-101.

Who are the losers? First Canadian taxpayers and second our military personnel. The Minister of National Defence has an approved defence budget and an approved white paper which apparently account for the purchase of new shipborne helicopters. Yet the minister is unable to get cabinet approval to make this important decision. Why? Media reports speculate on the worst. They believe cabinet is fighting over the division of regional benefits.

In August the *Financial Post* claimed a Parliament Hill lobbyist had said that the Minister of Human Resources Development and the Minister of Transport were pressing the Minister of National Defence for investment in their regions.

Supply

When looking at other major procurement items on the government's agenda it becomes apparent the minister was forced into an off the shelf promise on helicopters because of the fiscal mess the government has put itself in over the EH-101 cancellation.

The recent press conference the minister held to announce his plans for search and rescue helicopters was a non-event, to say the least. The minister only announced his intent to accept bids, something most of us thought had occurred long ago. Normally the minister would announce the items to be procured, the cost to the taxpayers and the industry involved.

This is exactly what happened in August when the minister announced his intent to purchase 240 new armoured personnel carriers in addition to a program for refurbishing about 1,200 of our existing M-113s, Grizzlies and Bisons. In this example the minister threw the concept of off the shelf to the wind. It was lucky for him that he had no APC cancellation contracts to contend with. In this case the minister knew exactly which companies would be awarded the contract. General Motors of London, Ontario was awarded the contract to produce 240 new APCs for \$800 million, with the government keeping the door open to ordering another 411 at a future date for a cost of just over \$2 billion.

To determine whether this contract was value for money, I submitted an access to information request in August asking for documents showing the minister and his senior officials at DND shopped around and bought the best APC for the money. The information act states that the department must respond to requests within 30 days of receiving them. It is now the end of November. I have heard nothing from the Department of National Defence and I expect the worst. I imagine the department is stonewalling because it knows this is not an off the shelf purchase.

I bet those documents are sitting on the bottom of the in basket of the deputy minister of defence as we speak. I also bet the next set of defence estimates this spring will have a column under the APC project entitled regional benefits.

While the verdict on the new APCs is not in yet, it is clear the APC refurbishing contract awarded to Montreal's 202 workshop is an exercise in regional pork barrelling. This was the price of cabinet approval for the purchase and represents old style politics at its worst.

The latest major purchase the minister has made known is the option to purchase surplus British Upholder class submarines to replace our aged Oberon class subs. The asking price of \$800 million dollars for four Upholders, training vessels, spare parts and documentation is a bargain. I suspect cabinet will not allow

the minister to announce this purchase because there is no pie to be divided among the regions.

To conclude, the motion put forward by the Bloc Quebecois is the exact opposite to what Canada must do to get its fiscal house in order. This is not surprising. What is surprising is that the government has not embraced the off the shelf concept as a means by which Canada can upgrade its aging and increasingly dangerous military equipment.

If Canada is to maintain its modest military and continue to play an effective role in our nation's defences and international affairs, it must change and it must change quickly. As the Reform Party defence critic I will be watching every aspect of DND's purchases, from pens to submarines. I will ensure that taxpayers and our dedicated military personnel are getting the most for their money.

• (1125)

Mr. Mifflin: Mr. Speaker, I am very pleased to speak on the subject before us this morning.

The political rhetoric I have heard from the two speakers in the main opposition and the third parties somewhat disappointed me. The tenor of the debate this morning was not the tenor present in the standing special committee of the Senate and the House of Commons in which there was a modicum of consensus. This did not seem to come out on the floor of the House of Commons today. Notwithstanding I should like to get rid of the political rhetoric and talk about some of the reasons my party and I will not be in support of the motion.

Essentially the procurement policies of national defence have been developed over a period of time which has seen a lot of grief with respect to procurement policies. Perhaps at the time they were appropriate to the occasion but now, because of the paring down, the lack of resources, the difficulties with funding, the end of the cold war and the difficulties in planning defence procurement, we have to do it differently.

I believe I can quote the auditor general in his 1993 report as being objective in his major study of defence procurement policies.

The Deputy Speaker: I apologize to the hon. parliamentary secretary. It is an opposition day and a Bloc motion. The Chair is in the habit of going back and forth and made a mistake. It is not in fact the turn of the parliamentary secretary.

The hon. member has returned to his chair and with permission I ask that the hon. member for Shefford speak in proper order.

Mr. Mifflin: Mr. Speaker, I rise on a point of order. Certainly, as we say south of the border, I will concede but I was hoping to ask some questions to the hon. member for Okanagan—Similkameen—Merritt.

Supply

[Translation]

The Deputy Speaker: Is there unanimous consent to reverse the speaking order so that the hon. member can put his question?

Some hon. members: Agreed.

[English]

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I rose to ask the member a question, but since Your Honour recognized me on debate I thought I would commence my debate.

The hon. member mentioned a couple of things I want to clarify, but first I want to make a comment. I was a bit concerned about some of the statements made by the hon. member for Charlesbourg, some of which were raised by the Minister of National Defence, when he suggested the only province that suffered defence cutbacks was the province of Quebec.

I will say in a different manner and perhaps with a different emphasis that I belong to the maritime provinces where the economy is in very rough shape, particularly in Newfoundland. It hurt me as parliamentary secretary to see my colleagues who occupy 31 of the 32 seats in those four provinces being hit with a tremendous blow because the necessary reductions in defence were done objectively.

I refer to the closing of Canadian forces bases Chatham, Cornwallis, Shelburne and the reduction in CFB Shearwater. These were major economic blows to the Atlantic region. I do not think we have heard any of those four members cry wolf. Despite the hardship it has caused politically and otherwise, they have accepted that it is part of government reduction. It would have been graceful if other members had done the same thing.

With respect to my question to my hon. colleague in the third party, he talked about the procurement policies and how they have developed. He used a bit of politics, which I suppose is his duty as the defence critic and which I accept in good spirit. I wonder if he has read the 1993 report of the auditor general. Does he recall some of the discussions we had in the special committee on national defence with respect to some of the difficulties that the old procurement policies had? The policies took a long time and emphasized the wrong things. By the time the equipment was developed it was out of sync.

• (1130)

I also want to make another comment and ask him to respond to it. He said that the EH-101 was not an over designed helicopter. I wonder if he realizes that the EH-101 specifications and capability efficiencies were developed at the height of the cold war. By the time the hardware was developed, it responded to a threat that no longer existed.

I wonder if he has taken that into consideration when he says the EH-101 was the best helicopter for the day.

Mr. Hart: Mr. Speaker, we are saying that the procurement policies of governments in the past were not adequate. They were not fair to Canadian taxpayers. They were not fair to the people who pay the bills.

Under the old system, it could be 15 or 16 years from the time a decision was made to purchase a piece of equipment until it is actually delivered. The frigate program is a good example of that.

I was in the navy in 1973. It was about 1975 that the planners of the frigate program started to come around to the ships to talk to the sailors and to the people in the military about the purchase of new frigates. As members know, we have just recently taken delivery of the very frigates that were in the planning stages in the mid-1970s.

Our procurement process over the years has not been a good one. It has not been value added for the Canadian taxpayer. It has left the military personnel who are challenged with these very heavy commitments that the government places on them with aging equipment, as we see with the Labrador and Sea King helicopters. They are literally falling out of the sky while we wait for an announcement on helicopters.

The helicopters were a big campaign promise. Many would argue that the cancellation of the EH-101 helicopter was probably what won the Liberal government victory in the last election campaign.

What is happening now? The Canadian taxpayers are paying the cost for cancelling the EH-101. I am not overwhelmingly endorsing the EH-101 project but I am not going to say that we should have ruled it out and used it as a political football, which is what the Liberal Party did during the election campaign.

It did not come down to whether the specifications were right. We did not talk about that in the election campaign. We did not talk about whether it was value for the Canadian taxpayers. The Liberals did not talk about that. They just said that they were going to cancel it regardless of the requirement for it, the specifications for it, the terrain that we have to live with in Canada, one of the largest countries in the world. It has excessive weather.

They did not talk about that. They made it a campaign promise to cancel the contract. The figures run about \$600 million right now for the cancellation of the EH-101 helicopters. Now the taxpayers know that those figures could reach \$1 billion.

The member shakes his head and says that no, it will not reach \$1 billion. Why, since I have had access to information on this very subject since the summer, has this government that claims to be open, responsive and interested in letting Canadians know all the information not been forthright about the actual costs of cancellation? It has not done that.

Supply

These members have not been forthright. If I can use the member's own words, the government is being opaque on this issue, very much so.

• (1135)

This issue with the helicopters is so much like this Liberal government. After spending \$600 million in cancellation fees so far, after the minister announced the government is going to spend \$600 million on a new search and rescue helicopter with a decreased capability of 15 per cent, we still do not have helicopters today. That is \$1.2 billion right there. The costs are not in yet and Canadians do not have one helicopter to show for it.

This is hypocrisy. The government is going to have to get down to real terms. It is going to have to go to the Canadian people and tell them exactly what the requirements are for the search and rescue helicopter. You cannot even get that information from the minister and the department.

The government is supposed to be open, consulting with the people. Why does it keep secret the information on this procurement? It is not right. I will do everything in my power to fight this and make sure that the government is held to the fire on this one until a purchase is made.

Mr. Mifflin: Mr. Speaker, in response to that I would have to tell the hon. member I do not know from where he is getting his figures. I am disappointed he would use this kind of rhetoric to suggest that these things are happening when in fact they are not.

I have another point I wish to make which I believe he understands but may have misconstrued. He says the helicopters are falling out of the sky. That is not true. Those helicopters are safe to fly until the year 2000. He knows as well as I that the Canadian forces will not permit their pilots to fly helicopters that are unsafe. I want to clarify the record on that. He is looking over at me and nodding with a smile on his face. I know he is playing politics again.

Mr. Hart: Mr. Speaker, in response to the hon. member's question, on my recent visit to Shearwater while I was being told that the Sea King helicopters were in the best condition they have ever been in 30 years, cranes were lifting them off the flight decks of the frigates.

Canadians might recall the words of a Canadian pilot who was a trainer in Sea King helicopters. He was quoted in the *Globe and Mail*: "You only fly a Sea King as far as you want to fall".

[Translation]

The Deputy Speaker: Resuming the debate, with my apologies to the member for Shefford.

Mr. Jean H. Leroux (Shefford, BQ): Mr. Speaker, I wish to speak about the equity, or inequity if you prefer, of which Quebec is a victim with respect to military procurement.

The recent government decisions to purchase new armoured personnel carriers and 15 search and rescue helicopters are far from reassuring to Quebec. It is now a well known fact that Quebec is far from receiving its fair share of federal defence spending, and this has been the case for some years.

All indications are that this inequality will increase rather than decrease. In fact, the new National Defence procurement policy is likely to affect Quebec even more than before.

My colleague, the member for Charlesbourg, clearly demonstrated this morning just how much Quebec is a victim of the federal government's double standard.

I would like to add my voice to his in severely criticizing the government for dropping any requirement for Canadian content from its most recent military procurement policy. What is even worse is that it refuses to put into place any true program for defence conversion. It is very easy to imagine what the consequences will be.

The consequences are that this new government policy will directly endanger the entire aerospace industry. We all know that this industry is mostly concentrated in Montreal, Quebec.

• (1140)

My Bloc colleagues will have the opportunity later today to address more specifically the important issue of defence conversion.

I, for one, want to underline the negative impact the federal government's new policy will have on Quebec. I should, however, start by reminding you that Quebec has been cheated out of a minimum \$650 million a year on average in the distribution of federal defence spending in the last 15 years at least, and I will not go any further because it could be worse.

This does not come from me but from the defence department's own statements and figures. In concrete terms, it means that, in the last 15 years, Quebec has received only 17.9 per cent of all defence spending, including 13 per cent of infrastructure costs and 15 per cent of personnel expenditures.

I should also remind you of the conclusion reached by a defence department official, Charles Trottier, in a study he released last February. In the last 15 years, Quebec has received 27 per cent less than its fair share of defence spending. Mr. Trottier compared this loss to the James Bay project or \$10 billion over 15 years. This represents a \$10 billion shortfall for Quebec. In terms of jobs, this represents a loss to Quebec of 15,000 direct jobs and 25,000 indirect jobs per year on average: nothing less than 40,000 direct and indirect jobs.

In fact, if distribution had been fair, Quebec should have twice as many defence facilities as it now has. Twice as many. Such injustices to Quebec are systemic within the armed forces. This demonstration clearly shows that the federal system is fundamentally flawed, as I will try to explain to you.

Even the minister of defence confirmed that Quebec has been treated unfairly. When he appeared on Radio-Canada's *Enjeux* last April, the minister said about Quebec that they could not afford the luxury of being totally fair.

I myself asked the minister how he could have the gall to consider fairness a luxury. "Fair"—that is all we ask—to Quebec. Guess what he replied to me? In complete contradiction with his own remarks and suggesting that Quebec was favoured by capital expenditures, which is not true, he said, and I quote: "The province of Quebec generally leads the country in its share of defence capital acquisition expenditures and probably will continue to do so in the future when the new defence acquisitions are announced."

Let us talk about these new defence acquisitions that Quebec is allegedly getting its fair share of. Let us look at this. What are the facts? We know that the government has taken a piecemeal approach to announcing such acquisitions so that the pill will not be too bitter for the taxpayers.

Let us start with the new armoured vehicles. What is Quebec's share of this huge contract worth more than \$2 billion? Try as we may to find it, Quebec's fair share is nowhere to be found. Why? Because it just does not exist.

The fact of the matter is that the federal government awarded this contract, directly and without a tender call, to the GM plant in London, Ontario. Quebec companies were not even invited to tender for this contract.

• (1145)

Worse yet, they are not even guaranteed a chance of bidding for subcontracts with GM Ontario. But everyone is well aware of the fact that Oerlikon of Saint-Jean, in the riding next to mine, in Quebec, has all the expertise required to carry out at the very least the turret part of the contract.

My colleague, the hon. member for Saint-Jean, will certainly have an opportunity sometime today to get into this issue of Oerlikon. In spite of the official opposition's pressing plea, the Liberal government absolutely refused to require GM Ontario to go to tender for its subcontracts.

As a result, Ontario is the only province benefiting from this great \$2 billion contract. Two billion dollars is a lot of money. All that for Ontario, a province which has a very strong majority in the Liberal caucus. So, when the minister says that Quebec will benefit from the new defence procurement, we can only

Supply

conclude that it will certainly not be through the armoured vehicles contract.

But let us give the minister another chance. Let us take a look at the procurement contract for the 15 new search and rescue helicopters. Perhaps we will find that Quebec gets its fair share in that deal. After all, it would only make sense, since Quebec was the big loser following the cancellation of the previous contract to buy the EH-101 helicopters. We are not talking about a \$2 billion contract like the one awarded to Ontario for the armoured vehicles, without any call for tenders, but it is nevertheless a deal worth \$600 million. And \$600 million is not peanuts.

Let us ask ourselves this question: Will Quebec, as the defence minister claims, get its fair share of that second military procurement contract? Again, anyone could foresee the answer to that. Quebec has no guarantee whatsoever that this will be the case. Why? Because the government suddenly changed its military procurement policy.

This is a strange coincidence, is it not? While the aerospace industry is located primarily in Quebec, the government suddenly decides to call for tenders, contrary to what it did in the case of the armoured vehicles contract, which was awarded to Ontario without any call for tenders.

This is ironic, especially considering that Quebec was the province most affected by the cancellation of the EH-101 helicopter contract. By the way, that was a \$4.8 billion contract.

If I raised that issue, I would probably be told that we should not oppose the government's decision to call for tenders, since it is in the best interests of taxpayers, whose fiscal burden is already heavy enough, and we certainly agree with that. Public finances are indeed in bad shape and it is not our fault.

The Liberals were going to do marvellous things. What marvellous things? I can use either an exclamation mark or a question mark. In all sincerity, I will tell you that it is surely the case. But then why did the government use a different approach in the case of the armoured vehicles contract? Why did the Liberal government not apply the same policy in the two cases? We are still waiting for an answer.

• (1150)

And why does the government refuse to require that GM Ontario allow Quebec businesses to bid on those subcontracts? Again, we are still waiting for answers that are not coming.

Wise observers might point out ironically that what is good for Ontario is bad for Quebec or for the rest of Canada. The problem is that the minister lacks the courage to say so publicly. We realize that he comes from Ontario; that is obvious. In any case, if we take for granted that calling for tenders is okay where Quebec is concerned but that the same rule does not seem to apply to Ontario, one question remains relevant. This question is why, in the case of the search and rescue helicopter contract, the government has suddenly dropped all Canadian content requirements. This is rather peculiar, especially since it could have

Supply

disastrous consequences not only for Quebec businesses but also for Canadian businesses.

Professor Yves Bélanger, who is also director of the University of Quebec in Montreal's research group on the defence industry, was quoted in yesterday's *Le Devoir* as saying that, by dropping the Canadian content requirement, the Liberals have taken away from Canadian businesses the best argument they had to force multinationals to negotiate partnerships with them. We are now familiar with the word "partnership", which came up repeatedly during the referendum campaign. Partnerships are the future.

The spokesperson for the Aerospace Industries Association of Canada also agrees. Let me read you what he said in relation to the government's new procurement policy. Here is what he said about it: "If you push it to the extreme, all Canadian development programs would disappear, making it extremely difficult to maintain our defence industry." Thanks to whom? To the Liberal government.

These concerns are especially justified, since, according to analysts, none of the manufacturers competing for this contract are from Quebec or Canada. Apparently, there are two American companies: Boeing and Sikorsky, and three European companies: Eurocopter, Agusta-Westland and the Russian manufacturer Kamov.

In the case of Agusta, there is cause for concern because serious accusations of corruption have been made against this company in Europe. But not only does the government refuse to investigate the circumstances of the EH-101 contract award, as requested by the now Minister of Human Resources Development when he was in opposition—

An hon. member: That is different.

Mr. Leroux (Shefford): It would indeed seem that, here, in Canada, it is quite a different story, depending on which side of the House you are sitting.

Also, one can wonder whether or not the government is getting ready to offer a "sweet deal" to this company.

At any rate, let us come back to the remarks made by the defence minister on Radio-Canada's program *Enjeux* in April. As I said earlier, the minister had stated on that occasion that Quebec was receiving its fair share of defence procurement. He said so. Now, if Quebec, and Oerlikon of Saint-Jean in particular, is literally excluded from the \$2 billion APC acquisition contract, which was awarded to Ontario, and if Quebec is not guaranteed any benefits arising from the \$600 million search

and rescue helicopter contract, what does this leave as Quebec's fair share?

That is hard to predict, since the federal government is announcing its defence acquisitions in a piecemeal fashion, one slice of baloney at a time, in the hope, of course, that taxpayers will find the pill easier to swallow.

• (1155)

That way the bill does not seem as steep, but if you add everything the result is the same. However, according to the most recent statements made by the defence minister regarding that issue, we can presume that the government is about to buy, at a cost of more than half a billion dollars plus several other considerations, four used submarines that England is no longer interested in. That country wants to get rid of these submarines, and we are going to buy them.

We will buy four old submarines, which are no longer in use. This is what we will get. We will then be better protected. What do you think Quebec could get out of such a deal? As I just said, there is every indication that these are British submarines. Quebec will obviously not get anything out of that deal. But it will have to pay its share, its 25 per cent. Quebec always gets 13, 14 or 15 per cent of everything, but it pays 25 per cent. This is unacceptable.

The government's new policy no longer requires any Canadian content, unless of course it applies to a procurement contract which can help Ontario increase its large share of federal defence spending. This creates a double standard. There is one policy for Ontario and one for the rest of Canada. I can only conclude that Quebec which, as we all know, is far from receiving its fair share of federal military spending, will continue to be greatly and unfairly penalized by this government.

It is no wonder that more and more Quebecers feel that the only alternative is, to be sure, a sovereign Quebec. Quebec's sovereignty will soon become a reality and, when that happens, Quebecers will turn their backs on these injustices, which cost them dearly.

In conclusion, I have no choice but to blame the federal government strongly for giving up the Canadian content requirements in military procurement contracts. These requirements were among the last guarantees that, some day, Quebec might get its fair share—no more and no less—like the others in Canada, that it might be recognized as a province, and that it might get what it is entitled to.

Therefore, I join with our defence critic, the hon. member for Charlesbourg, in blaming the government for its current action.

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[English]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I listened attentively to the member's remarks today. He has been very selective in his speech and has forgotten some very important historical realities.

I would like to go back to the period of 1979 to 1981, when the Government of Canada under the leadership of the Right Hon. Pierre Elliott Trudeau basically put the foundation in place for the Quebec aerospace industry. The member conveniently did not touch on that period of time; he conveniently overlooked it. This tends to be the basic strategy of the Bloc Quebecois members. They forget the foundation upon which an important industry like the aerospace industry was brought to Quebec.

I remind the member of the government's decision in 1980 when the Government of Canada purchased the F-18A. Almost 80 per cent of the offsets that were part of that contract went to the province of Quebec. In no way, shape or form do I begrudge that because I am a Toronto member, an Ontario member. We celebrated that great purchase under the leadership of Pierre Trudeau.

• (1200)

I also remind the member that it was under the leadership of the present Prime Minister that the decision was taken to get involved with the Canadair Challenger jet. Canadian taxpayers, not Quebec taxpayers, invested almost \$1 billion into research and development to lay the foundation that led not only to the Canadair executive jet but also to the Canadair commuter jet, which is now being manufactured in the province of Quebec not just through Canadair-Bombardier but also through various aerospace manufacturers.

I will give a third example. There was a contract given to maintain the F-18As, I believe about four years ago. The actual price submitted by Bristol Aerospace in the province of Manitoba was cheaper than the contract price in Quebec. The government of the Right Hon. Brian Mulroney made sure under his leadership that the maintenance contract for the F-18As, our fighter jet, went to the province of Quebec.

I do not want to suggest that as a Toronto member I resent any of those contracts going to those manufacturers in the aerospace industry in Quebec.

When we talk about what is Quebec's fair share I can point to a specific example where a Liberal government under the leadership of Pierre Trudeau laid the basic foundation for the aerospace industry, which I recognize is an industry leader in the world.

We have to deal with something that happened during the regime of the last government: the free trade agreement. I campaigned vigorously against the free trade agreement. I

campaigning against it for many reasons. One reason was chapter 14 of the free trade agreement where essentially there was unfettered foreign access to our markets, whether it was for procurement, manufacturing, or investment opportunities. We essentially gave up a big part of our sovereignty under that chapter.

Members of the Bloc voted for, supported and campaigned for the free trade agreement. We must remember that one article in the free trade agreement prohibits us as a nation from dictating Canadian content. So when the member from the Bloc in his speech today talked about the government not dictating Canadian content, he should have realized that his leader campaigned against dictating Canadian content when he supported the free trade agreement. You cannot suck and blow at the same time. The member from the Bloc Quebecois I know is fighting for his people, which I respect. But we must deal with the truth. The truth of the matter is that we cannot dictate Canadian content.

I believe in the Quebec aerospace industry. When Pierre Trudeau, a great Liberal Prime Minister, laid the foundation to put that industry primarily in the province of Quebec, I believe he made the right decision, not just on behalf of Quebecers but on behalf of all of Canada. The member from the Bloc Quebecois is forgetting a very important factor in any business equation. I want to get to the point about procurement. I have confidence in the Quebec aerospace industry in the sense that it does have the capacity to produce a quality product at a better price.

• (1205)

If we were to promote and support the quality product and competitive price that Quebec aerospace industry operators provide, we could overcome the insecurity the Bloc Quebecois member has about his own industry. Any businessman, if the product is quality and the price is right, will always get the business. Therefore we should not give up on the aerospace industry having the ability to produce a quality product or service at a quality price. Rather than throw in the towel and give up on the industry, let us rally around it.

I do not believe the member from the Bloc Quebecois has that confidence. Essentially what he is saying today is that we should be dictating that automatically these firms should get the business.

Before the free trade agreement I liked the situation in which we tended to be a little more protectionist. I fought for a more protectionist role. The member's current leader said we do not need that kind of protection. We should be consistent when we are having this debate. If the member would not be so selective and instead would look at all the things in a total equation, I believe he would see that the people of Canada and the Government of Canada have done their absolute best to be fair to Quebec.

*Supply**[Translation]*

Mr. Leroux (Shefford, BQ): Madam Speaker, it seems fairly obvious that the hon. member considers former Prime Minister Pierre Trudeau his guru, since he has referred to him four times within one short presentation.

What we in Quebec are demanding, and I use the word “demand” advisedly, is to have equity, to see Quebec treated equitably, to see Quebec receive what it is entitled to. It is true that, by around the end of the seventies, an aerospace system was in place in Quebec, and now the government across the way cannot be allowed to make use of legislation to kill it off bit by bit. This government must not be allowed to use dubious laws, unwanted laws, to cause Quebec’s aerospace industry to disappear. I feel that this is important, and those in the industry say the same. It is one thing to establish an aerospace industry, but quite another thing to destroy one, and that is what is being done now with the legislation being passed and the way Canadian and Quebec companies are being treated.

Personally, I have no problem at all with insecurity, despite what the hon. member said about my seeming to be insecure. What I want is to see Quebec treated equitably, fairly, more fairly than at present. I think it is important—and there is no question of insecurity in working on behalf of one’s constituents, the people of Quebec who elected us to this House—and I think it is important to say so.

Madam Speaker, the hon. member took seven minutes to ask his question, and it seems to me I ought to be able to respond to it.

The Acting Speaker (Mrs. Maheu): You may respond within the allocated ten minutes.

Mr. Leroux (Shefford): Madam Speaker, perhaps then he ought to have taken a little less time in putting his question, so that I could have as long as he. But I respect your decision.

I merely wanted to say, in closing, that without the members present here in the House when the Conservatives passed the Free Trade Agreement—we know that the Liberals were opposed, Ontario was opposed. Why? Because Ontario has always been Number One. So, without the Quebec members—this is proof that Quebecers have a world view. We are open to the rest of the world, and we want to be able to negotiate, to trade with everyone.

[English]

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Madam Speaker, before I begin this debate I want to thank my hon. colleague from Broadview—Greenwood for his usual intelligent, logical, non-political intervention in this debate, which I think is slowly starting to rise in its level of intelligence. He has introduced some sense, some logic and some good

debatable points into this debate. Because I have such respect for the points he has made, I am not going to reinforce them in my presentation.

• (1210)

I want to start with the motion to provide a backdrop for my debate this morning:

That the House condemn the government for having dropped the Canadian content requirements in the contracts for the purchase of military equipment and refusing to set up a genuine program for the conversion of the military industry, thus endangering the Canadian aerospace industry located in Montreal.

Coming from Her Majesty’s Loyal Opposition, I would expect that it would take into consideration not just the aerospace industry in Montreal but the aerospace industry in Canada and indeed all the military industry in Canada. You cannot talk about the military industry and relate it to one province. We just do not do business that way in our country. The hon. members know that as well.

I will give a personal experience, which will provide the thread for my thesis. My thesis essentially is that we can no longer continue to do business the way we have been doing it. The climate is not the same. The military climate is not the same and the fiscal climate is not the same. We have changed and we have changed for a reason. If the hon. members opposite would follow the logic of my presentation, I give them forewarning this is the general pattern.

In my previous incarnation I had the fortune, or some would say misfortune, to serve at Department of National Defence headquarters. For an operational officer in any branch of the armed forces this is not considered the highlight of one’s career. One likes to be out in the field driving ships, tanks, airplanes, or whatever the case may be.

My first tour, which was rather traumatic, came in 1967, my first time in Department of National Defence headquarters or Canadian forces headquarters as it was then called. One of the first projects I became involved in was a replacement ship for the 20 St. Laurent class destroyers that were built in the post-war period.

I have to say in deference to the issue, and I would be less than honest if I did not, that they did have Canadian content and were considered to be among the best in the world. It was a different time, a different environment, different circumstances—post-war. In 1967 the debate for the replacement of those destroyers had begun. Not only had it begun but it had been going on for some time, maybe a couple of years.

To take a snippet of this point in history, the genesis had been set for the four gas turbine general purpose frigates, or DDH-280s as they became known. There were four special ships in the making, but they had a long time to go as well.

In 1967 the debate had already begun on a replacement for the 20 post-war destroyers. On December 22, 1977, ten years later,

Supply

a cabinet document approved the construction of the Canadian patrol frigates. That was in December 1977.

I will now report that the last of that class of frigate will be commissioned next year. Actually HMCS *St. John's* will be commissioned in St. John's, Newfoundland on June 24, 1996, and the last of that class will be commissioned in Cornwall, HMCS *Ottawa*, in September 1996. After approval in 1977, the last to roll off and be commissioned will be practically 20 years later. That is a long time. That is 30 years from the conception to the last of the class delivery. I do not care what anyone says. I do not care what province they are from. I do not care what they represent or what discipline they belong to. That is too long.

• (1215)

During the cold war we produced equipment for something that might happen. It is happening today. There are 50 wars going on and we are involved in some of them. We cannot have equipment for tomorrow; we must have it for today. We cannot go on planning for 30 years, expecting and not delivering.

If they do not want to heed what the Parliamentary Secretary to the Minister of National Defence and Veterans Affairs has to say, I refer them to none other than the auditor general. In his 1993 report he essentially reinforced more eloquently and more specifically the points which I have made. He found three major difficulties with the present procurement system in national defence.

There were 550 major capital projects under way at one point in time. A capital project was in the vicinity of \$100 million. That in itself is a challenge.

I am going to repeat this because if I heard somebody say this in the House I would say that they were wrong by a multiplier of 10. The first difficulty which the auditor general found was that it took 5,550 days from the time a capability deficiency was discovered in the inventory of capital equipment in national defence until Treasury Board approval. Not delivery, approval. It took 5,550 days which is 15 years. The system is cumbersome. The number of man hours used in that process would indicate why national defence headquarters was so large and why there was so much difficulty in reaching agreement on the kind of equipment we needed.

The second difficulty was that one of the major pieces of baggage the defence program management system had was the business of content and industrial regional benefits which were always built into the program. As my hon. colleague for Broadview—Greenwood has pointed out, that is no longer permissible under the free trade agreement.

The difficulty was that in trying to build in regional industrial benefits and offsets, quite often the major contract was averted. The major project which was proceeding apace, logically and reasonably, despite the time frame involved, got thrown off course because of an interjection which was too far downstream

to be brought into the original concept of the contract. That threw the system off. The end result was that we did not get the best equipment for the money spent. Yes, it was rationalized, but the auditor general did not believe the rationalization was reasonable.

The third major difficulty which the auditor general found in 1993 was that because of the length of time it took to produce Treasury Board approval for the equipment and because of the dynamic instability inherent in the system, by the time the product was produced it did not necessarily relate to the threat or the deficiency which existed 15, 20 or 30 years before.

Mr. Mills (Broadview—Greenwood): The original requirement.

Mr. Mifflin: The original requirement.

I do not want to belabour this, but the case in point was the EH-101. It was a good helicopter, but it was too good for what was needed at the time. It was designed for the cold war. By the time the selection process had come to an end, the cold war was over and the requirements had changed.

Where did we go from there? We had many discussions in the special joint committee on national defence, in which I was honoured to play a role, along with other colleagues of the House. There was some disagreement, but I thought the work of that committee was conducted very co-operatively. The report was hailed as a good report from the bottom up. In 10 months of study the committee consulted over 1,200 Canadians and every kind of group which was involved and interested in national defence, from the positive to the medium to the negative. We took into consideration all of their concerns.

• (1220)

One of the major areas we spent time on was the procurement of equipment. Major equipment groups, defence preparedness groups, Canadian defence associations and the military equipment requirement industry came and spoke with us. Our conclusion was not in support of the motion the opposition has put forth.

In the major discussion one of the things we focused on was that the procurement function was central to the operation of any military service. If we do not have equipment we cannot really have a decent force. This is especially so in the modern era where weapons systems are becoming more complex, more sophisticated and more expensive, not just because of the escalation in money but also because of the escalation in complexity and sophistication.

The design and the delivery schedules extend over 10 to 15 years. I used the example of the Canadian patrol frigate. I think the first one was delivered in 1988 and we will be delivering those ships until 1996. That is an eight to ten year delivery schedule.

Supply

The factor that was considered in the special joint committee was the regrettable tendency for the Canadian forces to overspecify the requirements and generally to use every procurement opportunity as a chance to design and build the very best weapons system possible. Best was the enemy of good enough.

The second point we focused on was that there was a stringent set of oversight and accountability requirements imposed over the years and probably for good reason by the Treasury Board.

Together these factors produced a bureaucracy and a system for the management and control of federal procurement that has grown out of all proportion to the real needs of the Canadian forces, out of proportion to the size of the Canadian forces which over the last 10 years has been reduced both in size and in budget. I will mention some figures on that in a few moments.

Our recommendations were threefold. We believed that a significant reduction in the unnecessary superstructure was long overdue. The recommendation was made that first of all the government make a public commitment to purchasing military equipment off the shelf and that it avoid the complex, slow moving custom designed procurement and production processes that characterized too many capital projects in recent years, some examples of which I have given.

In this spirit the procurement policies of the department and the Canadian forces should show a bias toward the purchase of commercially available products whenever possible, be it Canadian or offshore.

The final recommendation, and we felt strongly about this, was that the deputy minister and chief of the defence staff working with the officials of other concerned departments should take immediate steps to modernize and streamline the procurement process. The parliamentary secretary for industry and the parliamentary secretary for public works will be commenting on that this afternoon.

The white paper stemmed from our special joint committee. In the white paper a considerable effort was devoted to looking at capital equipment. The opening thoughts were that we had to change security environment and we had to change fiscal circumstance. This demanded that national defence radically restructure its plans to purchase capital equipment.

To put it more succinctly, if we add up all the reductions, in the last decade national defence has had funding reduced by \$21 billion which is a lot of money over a decade and 21,000 people in the regular force which is a lot of people. I have not counted civilians and I have not counted the reserve force.

We cannot give up that amount of funding for whatever reason and expect to do business as usual.

An hon. member: Over how many years?

Mr. Mifflin: Over a decade. That is a lot. In the last two years since 1993 there has been a reduction of \$7 billion from the department. That is from 1993 to 1999 and is in the 1993 budget. In last year's budget there is another \$2.8 billion. I am talking about a lot of bucks here and a lot of jobs. I am talking about a lot of corner cutting which has to be done to make do with the money we have to buy the equipment we need. We cannot do business as usual which is the point I am making here.

• (1225)

First of all, we have put emphasis on extending the life of equipment whenever cost effective and prudent. With respect to new equipment, the acquisition will be only for purposes considered essential to maintaining the capability of the Canadian forces and for the widest range of defence roles. We want the equipment to do as much as possible without compromising the role and the major purpose of the equipment. We want to get fewer types of equipment, which is now the case, and to purchase equipment that is easier to maintain.

With respect to planned acquisitions, in 15 years capital equipment alone was cut by \$15 billion. I talked about \$21 billion but that involved other reductions in base closures and that kind of thing. That is a lot of money.

The Department of National Defence had to adopt a better business practice where greater reliance was placed on the just in time delivery of common usage items to reduce inventory costs. Also, in direct response to the recommendation made by the joint committee, the department increased off the shelf procurement of commercial technology which meets the essential military specifications.

The Department of National Defence has embarked on a program to enhance its partnership with the private sector. The most recent and best example of this is the way we are going about the acquisition of our 15 search and rescue helicopters, which does indicate a tremendous partnership and co-operation with the private sector. We have built in a lot of flexibility to the private sector.

Where business case evaluations demonstrate potential for increased cost effectiveness, support activities currently conducted in house will be transferred completely to Canadian industry, or shared with private industry under various partnership arrangements. This again speaks of more flexibility, cost effectiveness and efficiency.

We are also continuing to seek new ways to support our operational forces. If we can contract out to maintain the equipment, that is quite satisfactory to the department. I could quote examples but because of the time I will finish the main thread of my presentation.

In Canada today, 60,000 people are employed in high technology industries, such as aerospace and electronics, which are directly linked to defence procurement. These linkages extend beyond the production of defence equipment to include technological spinoffs into commercial products and access to international markets.

The challenge of lower R and D and capital spending, as I alluded to earlier, and more off the shelf purchasing will be to maintain and improve the industrial impact of those expenditures which remain. To this end, it is the intention of the Department of National Defence to work with Industry Canada and Public Works and Government Services Canada toward harmonizing industrial and defence policies to maintain essential defence and industrial capability.

In general, the government will seek to foster defence conversion despite what the motion suggests. We are going to foster conversion not by a vast infusion of money, but through other initiatives which the Minister of Industry has espoused in very clear terms in this House during question period and in major speeches he has made. I am surprised there is so much doubt on the other side.

We are looking at overall industrial growth and the international competitiveness of Canadian firms consistent with our international trade agreements.

To summarize, what we did before may have been all right when we had the budget to do it, when there was the threat climate to do it and when circumstances permitted. All of the circumstances have changed. We can no longer do business as usual. We have had a major overhaul in the way we do business: in procurement, in life cycle management, in life cycle maintenance.

• (1230)

I look forward to the rest of the debate today to see if we can pick up some more ideas to further enhance what I believe is already tremendous progress in this area.

[*Translation*]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Madam Speaker, I have two comments and a question for the parliamentary secretary.

I do not know whether this is a military tactic, but he digressed somewhat from the topic at hand—I am actually very glad he did so—to discuss timeframes and the whole structure at headquarters for supervision, programming auditing, and so forth, all of which takes forever. He said as long as 15 years, in some cases.

This is indeed one of the problems of defence procurement. The Auditor General mentioned this in his 1993 report, and he made his case very eloquently. We also discussed this on the

Supply

special joint committee, but I would like to ask the parliamentary secretary what exactly has been done within this whole review process.

There was, for instance, the software for maintenance of the frigates, for which the military had set certain criteria. After a lot of negotiations and unavoidable delay, we finally obtained a small percentage what the military had asked for. After spending about \$30 million on this software, we have yet to obtain what we want.

I wonder how the parliamentary secretary can say that things have changed within the Department of National Defence. If we are going to buy equipment directly on site, will defence testing requirements become stricter or will they remain the same after acquisition of this equipment?

We have now reduced the EH-101 capability to 15 per cent. Are we going to upgrade it again afterwards? Because nothing has happened to change the whole situation he referred to in the department and at headquarters in the past two years. That is my first comment. I would like to know whether the parliamentary secretary has any specifics.

Second, in his speech he said that we could no longer afford to use defence procurement as a tool for regional development, as the federal government often did in the past. As I said earlier—and I appreciate the fact that the parliamentary secretary talked about being logical—when there is no infrastructure, I agree we should not create a new infrastructure, but when it exists, when a company has the infrastructure, then we can use and adapt it to defence criteria.

When we talk about armoured personnel carriers, I am always reminded of the fact that the last deliveries of Bisons, which are now judged to be obsolete or old, were made in 1994. If defence equipment is old after only one year, I really wonder about the future of the Canadian army's equipment.

[*English*]

Mr. Mifflin: Madam Speaker, I thank the hon. member for his question. I recognize that he has agreed with some of the things we have said, as he did in the special joint committee.

I emphasize that the changes I have just related to him and to the House are not yet a year old. I assure him from the bottom of my heart that the name of the game is what is the most cost effective way of doing business. He is right in pointing out that we have done things differently depending on the kind of contract we have. However, that points out the flexibility in the system.

We no longer have to go through a system of hoops, milestones and baggage difficulties because it says so in the manual. It is done differently depending on which is the best way to do it and what is the most cost effective way of doing it.

Supply

The best example I could give the hon. member for Charlebourg is to tell him about one area of technology, which I know he understands, so I will relate it to him very briefly.

• (1235)

In 1985 the Canadian navy had less than 350,000 lines of code. I am talking about software now. A decade later the number of lines of code in software in the computer and command control systems and technology transfer systems has increased by a factor of 30. It has just under 10 million lines of code now.

The member knows what that means with respect to software managers, the number of people who work in the software production areas and who are involved in maintenance and producing programs.

Different ways have to be found to do this. Some work may have to be contracted out as was done in one case. The member alluded to the case of Paramax. I think he was satisfied with the number of witnesses that were heard who indicated the difficulties we had with that and in other areas. That is one area to which I would like to respond.

However, this system is still evolving. The examples that he used indicate that we are prepared to do things differently and hopefully in the right manner. We may not get it right 100 per cent of the time, which is always the case when we are making a change. But we know that we have the major thrust right.

I want to respond to comments the hon. member made earlier and to clarify, in case there is any doubt in his mind, with respect to the submarines. He sat on the special joint committee. I am not going to read the recommendation because it is very clear. I can almost do it verbatim. The special joint committee said that, reluctantly, as much as it believes Canada needs a third dimension in surveillance of the oceans, which are the same size as the country, a submarine capability is needed to replace the aging submarines now. They are at the end of the line.

Pretty soon the capability to have people serve in submarines will be lost because the submarines will be gone. Therefore the capability will go with it. The report said, reluctantly, that Canada could not afford to spend the \$5 billion needed to get four new submarines. However it did say that because Canada is a maritime country and because it really needs this third dimension to see beneath the surface as well as on and above the water, that if there was an opportunity to buy four submarines that were fairly modern, advantage should be taken of that.

As it turned out the British navy had retired its new submarines, the Upholder class. They are not old submarines. One of them has never been used. How can Canadian content be put into an opportunity buy? The committee agreed and said that its members did not specify a particular country. As it turns out it was the Upholder class in Britain, but it could have been other

classes. It was not specified. The committee members did not restrict themselves. They said: "If we can get something at a bargain price that somebody else does not need any more, then buy it". It is like a major capital equipment garage sale. I wanted to clarify that.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I have a question for my colleague, the Parliamentary Secretary to the Minister of National Defence. The thrust of his speech dealt with the whole issue of off the shelf. We must be more sensitive to off the shelf purchases.

I realize that some of the prime military manufacturers are not Canadian yet Canada has some of the best component part manufacturers in the aerospace industry. What is the government or the Department of National Defence doing to marry our aerospace component manufacturers with those prime military manufacturers? Is there something that could evolve like the auto pact which we have for the automotive sector?

Mr. Mifflin: Madam Speaker, I am delighted that the hon. Parliamentary Secretary to the Minister of Industry put that question. I must tell the House that we did not consult before.

The best example I can give him is the announcement made a week ago last Wednesday by the Minister of National Defence with respect to the acquisition of the capability for 15 search and rescue helicopters.

• (1240)

It allows the aerospace industry to be totally flexible in the way it goes about responding to this request. It can either provide helicopters by saying that it thinks those are the ones that are the best, and if it is assessed, that is the way it goes or the Canadian companies can say that they will lease helicopters. Having leased or bought them, the maintenance of the helicopters can be contracted out using the aerospace industry in a manner that perhaps was not conceived before and the inflexibility of this cumbersome system that I described in my presentation did not allow. More flexibility means more efficiency and better use of Canada's considerable aerospace industry.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Madam Speaker, it is an interesting motion that we are debating this afternoon:

That the House condemn the government for having dropped the Canadian content requirements in the contracts for the purchase of military equipment and refusing to set up a genuine program for the conversion of the military industry, thus endangering the Canadian aerospace industry located in Montreal.

Right off the top, I have to say that this motion has great difficulty with one of the realities of the economic world today. We live in a global economy. The motion fails utterly and completely to address the question that Canada must be competitive in that world. It seems to state that looking for subsidies somehow seems to be the answer. I could not disagree more with

the thrust of the motion. I might wish to condemn the government for other things but that is certainly not one of them.

I would like to take a slightly different approach to this whole business and look at it from the industrial point of view, from the development of industry and, in particular, innovation and the science and technology thrust that ought to happen in Canada. One of the first of these is that Reformers encourage investment, not subsidization.

This country needs to develop entrepreneurs, risk takers, people who understand what it means to take a new idea and make it work. It is, after all, these innovators in this new technological world that are the engine of the new economy which is developing all around us.

We need to develop a culture that rewards entrepreneurship, innovation and research and ensures that there is a level, competitive and honest marketplace in which these people can operate. That is what we need. This motion does the exact opposite. It throws the whole marketplace and the honesty of the marketplace right out the window. Therefore, we cannot approve it for that reason.

If entrepreneurs are developed with the skills to be innovative and to take the necessary risks, we will develop the kind of fibre in the people who will make Canada strong and who will get us to the competitive position that we need.

In order to do that, we need to do something else. We need to encourage investment in capital structures, in buildings. We also need to develop investment in equipment. That is obvious. The one that is not so obvious is that we need to have investment in research and development.

Let me draw members' attention to what the president of Digital Canada had to say about Research and Development Canada: "By far, the most overriding issue is the investment climate for innovation in Canada". We have all heard stories of new Canadian inventions. These are not so new. They have been around for a while but they were new at one time. One was the heart pacemaker and the other was the variable pitch propeller. Both of these inventions were exploited not in Canada but in other countries because of the reluctance of Canadians to take risks.

It is unlikely that Canadians are any more risk adverse than anyone else in the world. They will take risks. However, we have always had taxation and fiscal policies that encouraged investment in enterprises that had hard assets to back them up as opposed to enterprises that were based strictly on knowledge. That is the direction we will be moving in the future.

Supply

I am so encouraged to see that at least some of our banking community is beginning to recognize this. They are beginning to recognize that we need to recognize assets that are not hard and fixed but rather rest really in the minds, the capabilities, and the skills of individuals.

• (1245)

Then he goes on to an example of a particular company. Guess which company it might be? The Digital Equipment Corporation, which was founded in 1957 with only \$70,000 of venture capital. That was put up by a company in Boston called American Research and Development. It took 70 per cent of the equity in the company but also showed the founders of the company how to build and manage a successful company. The result was that when that company went public on the American Stock Exchange in 1966, less than 10 years later, that \$70,000 investment was worth about \$30 million. That is significant.

It was the tax provision that existed in the United States at that time that made it possible for these ventures to succeed as they did. We need to learn from these successful countries and do something very similar. It has nothing to do with the kind of subsidization that is being advocated in this motion.

We need to go one step further as well. Canadian investors and Canadian entrepreneurs need to recognize that they need to have a change toward venture capitalists. They seem to have the idea, which is only human—I am certainly like that—that if something is mine, it is mine, and I want it all.

When you get into the idea of venture capital, these people who have the deep pockets with millions and sometimes billions of dollars in them, and who are prepared to underwrite the venture, do not want to just give that away. They want to say this is a good idea and they want a part. The company we just looked at took 70 per cent but it became a \$30 million investment later and gave a tremendous return to the owner.

The person who has the great idea needs to recognize that they have two options: they have all of the idea with no money to develop it, which means they will never make any money and never get rich; or they have the option of going to somebody who has a deep pocket, venture the thing out, share the major risk on the other side and get rich in the process as well.

That attitude needs to develop in Canada. It needs to develop among academicians. It needs to develop with our entrepreneurs. It needs to develop on the part of parents of people who are seeking success in the industrial world.

We need to move into another area as well. We need to get into the area of management. When we get into high tech specialized industries and we need specialized management as well. We need managers who understand science. We need managers who understand technology.

Supply

You can be the most brilliant scientist, the most brilliant technologist and understand all the machinations and all the intricate workings of networks and things of that sort, but if you cannot manage people it is no good. It takes a special kind of management skill to do this. We need to do that.

There are two skills I would like to draw to our attention today. The first of these is these people need to learn how to solve problems. That becomes the key. It is not so much are you able to push the button or are you able to program the computer, but rather can you solve a problem. Then you must recognize that you probably cannot do it alone and that your skills need to be combined with those of someone else, a third party and a fourth party, so that the group together forms a team. That team then begins to solve the problem. At different times different members of that team will become leaders. The whole concept of seniority and the other things that are traditional with us will go out the window.

This motion, on the other hand, says no, no, no, do not do that; just create a government program for this industry so that it can be diverted to peacetime operation rather than military operation. No. Government needs to encourage the development of balanced people who can do the kind of management we talked about. We need to give to the individuals who seek this kind of education an opportunity to do that.

Members in the House will remember that we proposed a voucher system of education so that the student, the researcher or the scientist who wants to advance himself becomes a person who selects where, when and into how much detail he will go to get that skill in development. It seems to me that is rather significant. Instead of having the university decide here is your program, here are your answers, come and get them, the student says no, he needs this kind of an answer and asks if they have this kind of expertise. He searches around until he finds it, gives he voucher to the institution and says he wants to do this. The institution benefits, gets the money and has the resources to give this student what he needs.

• (1250)

We need those kinds of things. We need new people, we need investment, we need all those kinds of things. We need to go beyond that as well. We need to develop a sound vehicle for the transfer of technology from the place where the brains are to where it is actually applied in a profitable way. Canada has a gap here. That gap is an inability to adequately, effectively and consistently transfer technology from the research bodies, usually universities and governments, to the development indus-

tries in order to provide strategic technologies for manufacturing, service and resource based sectors.

Usually the best way to do that is to collaborate between sectors. The centres of excellence do this to a degree, as does IRAP, but we need to do something a little more advanced than that. We need to support more industry driven networks like Innovation Place in Saskatoon. That is an example of how university, industry and government can collaborate and bring about true advancement in technology and the application of skill and innovation to new ideas.

It is becoming rather clear that some professors, who all want seniority and who all want these great salaries, are having great difficulty getting to the level of income they aspire to. At this particular centre of innovation these professors are driving the best cars around. They are living in the biggest houses. They have the kinds of bank accounts they have always dreamed about. Why? They have the willingness to take their intellectual property and work together with an industrialist or entrepreneur, to work together with certain elements of the government and say that together we can build a whole new way of doing things. They have succeeded in doing that, and congratulations to them.

There is something this government has done that is not too bad. It has financed a study called "The Commercialization of Research in Canada". Get a load of what this report advocates, which is very interesting. I hope the government has the nerve to do this: "Canada's universities should radically improve their intellectual property policies and processes for transferring scientific discoveries to industry or lose eligibility for government research grants". Madam Speaker, have you ever heard of this type of thing before? This is absolutely unbelievable.

The report goes on to state: "The policy should clearly articulate a university stance on the following issues: the responsibility of researchers to identify research results with possible economic or social benefits; electronic publishing; ownership of the intellectual property; a process for reporting and recording the facts of the case; routes and options for the protection of the intellectual property; options for revenue sharing; guidelines for technology transfers and commercialization, especially with Canadian based businesses; and exceptions to the policy in particular cases where a special contract is more desirable with the terms of the policy, such as in contract research, network research, or research involving a prior intellectual property". That is some of the most forward thinking I have heard in a long time.

It goes on: "Failure to develop such policies or to hire a person responsible for identifying and disseminating intellectual property and technology transfer policies to all individual researchers within the university should preclude all of the school's researchers from eligibility for government-industry targeted funding, such as granting council strategic programs".

Is that not a refreshing sound to hear? This would be absolutely amazing. Think of what this would do to the university. This would bring together for once the community and the academician. It would bring together the industrialists and the taxpayers who fund all this stuff in the first place and show how we can build a better Canada. That is the kind of motion we should be debating today, not the kind of motion that is before the House.

• (1255)

They are radical suggestions. Should they happen? Yes, they should happen. The reason they should happen is because Canada is in a globally competitive environment. Competition has become the imperative. It is a sad thing to say that science is not sufficiently recognized in the House. It is high time we recognized the significance of the role science plays in our daily life. We need to become aware that it is not only competition; it is also the role science plays in our economy and in our industry. While that may raise the ire of basic researchers who are afraid of having their work hijacked by economic demands, it must be accepted.

There will be an inevitable division between the traditionalists and the innovators. They will fight with each other. While neither can be excluded, the innovators must receive attention. The marketplace will ultimately decide that. Their time has come. They are the ones who can provide Canada with a foundation of economic independence. They will provide global competitiveness. The innovators are skilled in technology and science. The traditionalists, like all of us, will benefit from the country's wealth. Their task will not be lost; it will be assured. They will have jobs. We cannot let the naysayers turn us away from what is necessary. We must support the innovators, choose the path and move forward in that direction.

These are major new directions for our country. They are not easy to develop. They will not happen overnight. They require co-operation at all levels. I am very encouraged by some of the things that have happened recently. The important thing to recognize is that industry has to get into research. Industry must form consortia to share the costs of research.

I would like to address the comments of the Auditor General of Canada with respect to science and technology in Canada. He had some pretty serious things to say. With respect to some of the comments we should stand back and say wait a minute, is it really that bad? Yes, it is. He suggests that the lack of progress in previous attempts to produce results oriented action plans can be attributed to a lack of overall government-wide leadership, direction and accountability for implementing dramatic changes. That is probably one of the worst indictments anybody could make about the Government of Canada.

Supply

Seven billion dollars are spent on research and development in Canada. This country has a debt of \$560 billion. We spend \$7 billion on research. Not one of those dollars should be taken away. We need to spend that kind of money. In fact we should probably spend more. When the Auditor General of Canada says this money has not been focussed, has been spent in a manner that does not have a general direction, I say shame.

We need a focus. We need direction. We have been waiting for over two years for a policy on science and technology. It is still not here. I hope it will come very soon. We need it desperately. If we are to be an economically viable country, if we are to be competitive globally, we must come to grips with this part of our development.

We must oppose the motion. Instead of doing what the motion proposes, we need to encourage investment. We need to encourage innovation. We need to develop a new attitude toward venture capital. We need to develop specialized management. We need a sound vehicle for technology transfer. We need to recognize the value of collaborative research. Finally, we must take seriously the Auditor General of Canada's caution to get off our butts and get a focus and a direction for the country.

• (1300)

Hon. Jon Gerrard (Secretary of State (Science, Research and Development), Lib.): Madam Speaker, I rise today to speak to the motion. The concept that the Government of Canada has not been working hard to ensure a strong aerospace industry in Canada is totally false. Canadian involvement in space and in the development of the Canadian space industry has been exemplary. The story of Canadians in space shows clearly that Canadians can solve problems.

In typical Canadian fashion we have been modest in singing the praises of Canada's accomplishments in space. I am here today to ensure that Canadian scientists, Canadian engineers and Canadian entrepreneurs get their full recognition in terms of the marvellous accomplishments they have made and are making in the name of Canada in space.

Canadians are space pioneers. More than 35 years ago Canada launched *Alouette*. We were the third country in space, a pioneer. It is the same today. Just last month we launched RADARSAT, the world's most sophisticated earth observation satellite. Canada is leading the world.

Last week we saw Major Chris Hadfield onboard NASA's STS-74 shuttle mission to *Mir* using Canadian technology to help bring together the Russian space station and the U.S. space *Atlantis*. The two events showcased Canadian technology to the world in an unprecedented way.

Supply

I welcome the opportunity to tell Canada's story in space and specifically to underscore today the very important role Quebec has played in this effort. Ours is an increasingly competitive world and governments cannot afford to invest time, effort and money in ventures that do not bring significant gains both to scientific knowledge and to economic and environmental benefits the world over.

Canada's space program is a growth industry, aligned with the new realities of information technology providing us not only wonderful new technology for manipulating in space but new communications technology. Canada is a world leader in this area.

The Canadian space industry provides employment for 4,000 Canadians and pulls in annual revenues of more than \$500 million. Over the last decade the average annual rate of growth in the space industry has been 15 per cent, with Quebec a particularly high performer.

[Translation]

Over the past ten years, the space industry in Canada has grown annually by 15 per cent, with Quebec being a particularly strong performer.

[English]

The space program was established to meet Canada's needs in areas vital to our economy: telecommunications, resource management, surveillance and environmental monitoring. Satellite communications has been the way for the auto route of information, the information highway, the 20th century equivalent of the railway providing linkages that help bind the country together from one end to the other.

The Canadian space program is also driven by a desire and a political will to ensure the development of a globally competitive economy. In a fashion, all regions of the country have been able to draw on the government's space effort, to transfer space technology from government laboratories to the private sector and to capitalize on employment and economic activity generated as a result of this visionary program.

• (1305)

The province of Quebec and its aerospace industry have been beneficiaries of the program. The location of the Canadian Space Agency in Saint-Hubert on Montreal's south shore is testimony to the importance of Quebec in this national effort. It underscores Montreal's international role in space, in satellite communication and in the information age.

The space agency has brought several hundred highly educated scientific people to the greater Montreal area and has added to Montreal's position as a centre of high technology. I am particularly heightened by the fact that Quebec has shown considerable leadership in the program, the industries and the

people of Quebec. More than \$540 million in contracts have been won by Quebec firms since 1988, which is more than 35 per cent of budget of the space program.

Quebec's leadership position in the space sector is further reinforced by strong engineering skills and industrial activities. The RADARSAT satellite was built by the Spar aerospace facility at Sainte-Anne-de-Bellevue, as was MSAT, an advanced telecommunications satellite scheduled to be launched in the first quarter of the next calendar year. Mission control for RADARSAT is located at the space station in Saint-Hubert.

In building the satellite Spar was able to draw on the skills of a pool of highly specialized small and medium size enterprises that provided various components of the RADARSAT satellite. In economic terms some 60 per cent of the RADARSAT program was awarded to Spar and its subcontractors. This is just the beginning of the RADARSAT story.

Presently a study is under way to look at partnership arrangements for the next generation of RADARSAT to ensure commercialization of the RADARSAT system and launch of the second RADARSAT satellite. It is significant that a major Quebec based firm has become involved. I am referring to SNC-Lavalin, a firm that has successfully established itself as a world leader in project management.

Let me take a moment to talk about Canada's RADARSAT satellite. It is a remarkable Canadian achievement to have built and successfully launched a satellite earlier this month. The satellite uses radar to allow continuous monitoring of the earth's surface. Unlike most of the previously launched earth's observation satellites which cannot see through clouds and cannot therefore monitor much of the earth's surface much of the time, RADARSAT can monitor it continuously. By using the radar it can peer through the clouds and have a continuous assessment of the nature, the events and the changes on the surface of the earth.

Not only does Canada's RADARSAT provide a complete and continuous coverage of the earth's surface but it uses an extraordinary technology developed in Canada to provide a remarkably flexible, precise and complete coverage. RADARSAT can provide full coverage of Canada's Arctic area every 24 hours, full coverage of Canada's entire land mass within three days, every three days, and full coverage of the total surface of the world, of our globe, every seven days.

RADARSAT will provide for Canada and for the world a remarkably new tool to monitor crop development, to assess the status of crops, yield, insect infestations and all sorts of other things that may happen to the crops planted and to assess the status of forests, the growth, the harvesting, the regeneration and so forth. It is a wonderful tool with the ability to monitor the world's forests and specifically help Canada better manage its own forests.

Supply

• (1310)

It is very important for shipping to know precisely what is happening in terms of ice conditions like those in Hudson Bay or the northern Atlantic. RADARSAT will be able to provide that. The monitoring of water conditions to better control floods during spring runoff not only in Canada but around the world is a wonderful new technology that helps people the world over to live better and have a higher quality of life.

These are but a few of the potential applications of RADARSAT. Thanks to the foresight of our government, Canadian industries now have an extraordinary commercial advantage in RADARSAT. Canadian industry is well positioned to take advantage of the benefits of the new satellite. Canadians have expertise in the technology and are now actively marketing the potential of RADARSAT, its satellite system and its earth monitoring capabilities the world over.

I want to talk for a moment about the space agency in Saint-Hubert, home to Canada's astronauts. Chris Hadfield landed yesterday at the Kennedy Space Centre after a seven-day mission of historical dimensions. Here again Canadian content in a mission characterized by NASA as one of the most technically demanding ever undertaken by the shuttle program was significant owing to the Canadian role, the role of Canadian technology and Canadian astronaut Chris Hadfield, in bringing together the United States and Russia, the world's two space superpowers, in a successful partnership in space.

Marc Garneau, the first Canadian in space, paved the way for future Canadian flights on the shuttle. He will once again be space bound next year. Julie Payette is continuing her training and we expect this will lead to a flight opportunity in the years to come.

Canadian astronauts provide a wonderful role model for young Canadians. They are very important in a world where such role models are too infrequent. It is particularly significant as we try to promote the development of the science culture to have role models like Chris Hadfield, Marc Garneau and Julie Payette.

On behalf of the Government of Canada, the hon. Minister of Industry and I unveiled the second long term space plan in June 1994. We reconfirmed that Canada would be a significant contributor in space in the future. We reconfirmed that Canada would make a significant contribution to the international space station program, the largest scientific endeavour ever undertaken in the history of the world.

The program will break new ground in fields as diverse as biotechnology, physiology, material science and fluid physics, a new era in understanding space medicine, to name just a few. Canada will provide the technology that will make possible the assembly and maintenance of the world's science and technology institute in space. The operations of the Canadian contribu-

tion, the mobile servicing system, a leading edge robotics system, will be located in the space agency's facility in Saint-Hubert. Astronauts and space station operators from around the world will come to Saint-Hubert to train and to become knowledgeable about this very sophisticated and, one could say, intelligent robotic system.

I am proud to have been associated with the Canadian space program.

[*Translation*]

I am very proud to be associated with the Canadian space program.

• (1315)

[*English*]

Since we have become the government we have been privileged to participate in and lead many initiatives to ensure the continued prosperity of Canada and the Canadian Space Agency, to ensure the continuity of our Canadian astronaut program, to ensure a continued place for Canada in space, in new technology, in communications. Canadians are justifiably proud of our accomplishments. We should all be pleased with the social and economic benefits that come from this national effort. In today's information economy we are indeed fortunate that Canada has such a strong space program.

In closing, let me emphasize once more the important role and the foresight our government has played in leading the Canadian space effort. It has mobilized an effort that will transfer increasingly some extraordinary technology to Canadian industry and provide at the same time the technology that will help us monitor and improve the global environment.

[*Translation*]

This is our future, this is Quebec's future, this is Canada's future.

[*English*]

Mr. Bob Mills (Red Deer, Ref.): Madam Speaker, I will be sharing my time with the member for Kootenay East. I hope my voice will hang in there. If you see my lips moving and no sound, you will know it has disappeared.

Today's topic is a rather interesting one. At this time I could see a lot better wording than might be part of this question. We should start off by saying as the last member has, how proud we are of our aerospace industry and of our astronauts. Certainly every time we hear the Canadarm mentioned, all of us feel proud of what we have accomplished. Our future is in the area of technology and that is certainly something all Canadians know and are proud of.

However, when we talk about this motion, about Canadian content and about the protection of some industries over others, I cannot help but go back a little bit in history. I cannot help but

Supply

go back a little bit in terms of what some of the other members are saying.

I cannot help but go back to the F-18 contract in Winnipeg. Obviously the lowest bid was there and the recommendations were there. The qualifications for doing the job were there. Certainly the people of Manitoba, the people of the west do not forget the party politics that were played in the decision to move the F-18 contract to Montreal. Now we hear the other side of that. Now we hear the fears that we are going to lose this industry for Quebec.

All of us are looking for a free enterprise system in which all parts of Canada are treated equally, where one part does not have favoured status over the other, where we stop playing party politics and we start getting down to what is good for Canada. That should be the emphasis instead of what we are talking about today.

We also have to look at the criteria when we look at defence contracts. Obviously we want to have Canadian content, but not Canadian content if it is not competitive. If it is not competitive, it better get competitive if that industry is going to survive. If it has to be subsidized and protected, then it is obviously very short term and very short sighted planning by that company and by this government.

We also must be aware of globalization and what that means. We are now in a global market. We now have NAFTA and the World Trade Organization. We cannot talk about protecting industry and protecting the inefficiencies of the past.

We have to talk about being competitive in the world. We have the training. We have the technology. We have the people. Let us not hide behind government, behind bureaucracy, or behind rules that set up how we are going to give contracts. Let us do it because we are the best. Let us do it because we are the most competitive and thus we will market our products around the world. That is what globalization and free trade means. It is what the World Trade Organization will mean in 10 years. Canada can do very well in that field. So, let us not be embarrassed and shy and not be out front. Let us not hide behind the past.

• (1320)

We could also be talking about the Department of National Defence today. We all know that it desperately needs new equipment. All of us know of the helicopters. My hon. seatmate here talked about helicopters falling out of the sky. Certainly the search and rescue people need that equipment, but let us have a game plan. DND must have a real game plan, what it needs and what it is going to do. It seems as though we get knee-jerk announcements. We have heard announcements about a \$600 million expenditure for helicopters, but the minister does not know for how many. I could not believe what I heard in that announcement.

We obviously need all terrain vehicles. It was shameful what our troops used in the former Yugoslavia. With regard to armaments, we must keep modern and up to date and have the best for Canadians.

Looking at the budgets, we can see that for years we have been cutting budgets and we have increased the requirement for our armed forces. This has done nothing except to cause morale problems and equipment problems in the military.

We need to become diligent shoppers. That does not necessarily mean we have to buy in Canada. Remember, we must be competitive.

This is a very timely topic today. I would also like to know what provisions we have in place to prevent the patronage of the past which was so common. Everybody knew about it and it seems to have carried on into the present government. We need to make sure there are guidelines in place so that this does not happen again. It does not give politicians a good name and it certainly does not give Canadians a good name when this sort of thing takes place. We should not be politicians for sale.

We also have to ask questions about DND and the seemingly constant turmoil. It appears as though it is constantly having problems. No sooner does one crisis go away than a new one surfaces. We have to ask what it is doing to get its act together. That could easily be a topic for today.

I refer to the former deputy minister of DND. I wonder why approximately a year ago he quickly disappeared from the scene to go to the United Nations as if to get him out of town.

What about the EH-101s? How much did it cost to pay those off?

The hon. member across the way mentioned that we should be very proud of our students and graduates who are filling technical jobs. I am very proud of them but I am concerned because at the University of Waterloo for example, 91 per cent of graduates in the electronics area are going to the U.S. for jobs. I am really concerned about that. I am concerned that we spent that money on training. That is a costly resource and we are losing them because they cannot get a job in Canada. We must work on that because they are the best.

We have to talk about peacekeeping as well when we talk about armaments and DND. We need to know what to expect from our military. We need to have that game plan before we actually start talking about and worrying about the content of the equipment we are buying. We need to discuss it in Parliament. We need to discuss what those objectives and criteria are. We cannot keep doing things on a knee-jerk basis. We cannot do things where we have parliamentary debate and the decision has already been announced outside the House. We cannot keep doing that.

Supply

• (1325)

We need to do something to restore public confidence as well. There is a great pride in our Canadian peacekeepers. There is a great pride in what we have, but when we send them under-equipped and poorly controlled we have problems. We know what that has done to our reputation. We can talk about Somalia; we can talk about Rwanda; we can talk about the former Yugoslavia. All of those are problems which have hurt our reputation. We should be concerned about that.

We need to set up criteria. We cannot go every place. We are not equipped to do that. We do not have the equipment. We know that we must ask about the cost, not that cost is more important than lives, but that is the reality. We cannot go everywhere. We can only afford so much and we have to ask those questions.

In looking at these criteria we do need new equipment. We need to raise morale. We need efficiency. We need to get rid of the bureaucracy that seems to be causing all the problems.

In closing, rather than whining about competition and Canadian content, we should get competitive. We should worry about our place in the marketplace. We should demand a fair and open bidding system. We should get rid of the politics, the patronage and the old line political games that so often go on. That will do more.

Mr. Ron MacDonald (Dartmouth, Lib.): Madam Speaker, I listened with a great deal of interest to the comments made by the member opposite.

I commend the member for his deep interest in the Canadian Armed Forces but at some point we have to fish or cut bait. I am not exactly sure of the position of the Reform Party with respect to procurement policy for the Canadian Armed Forces. I have listened many times and I have heard the Reform Party talk about the wholesale cutting of departments, that what the government has to do first and foremost is to tame that debt and deficit monster. That means wholesale cuts across the board to departmental expenditures.

The member opposite knows full well that out of the non-statutory expenditures of this government, the previous government and the government before it, one of the largest envelopes of non-statutory expenditures is in national defence. What I am trying to ascertain from the member's comments is whether he agrees there should be new expenditures in national defence. If that is the case it may go contrary to what his party said particularly during the last election about going in and cutting those departments.

Is the member in favour or not in favour of the EH-101 contract and its process? Does the member believe and advocate that the government of the day go forward with further expenditures in defence procurement? In particular, I am speaking about

the replacement program for the Sea King helicopters. The member mentioned quite correctly that some of the search and rescue and Sea King helicopters have had some difficulty because of their age. Unfortunately there has even been loss of life as some of those helicopters have gone down. I am not necessarily convinced it was because of the age of the helicopters.

I want to seek something clear and unequivocal from the member. Is he in favour of further defence procurement spending, yes or no? If the answer is yes, does he wish to see this government accelerate its procurement policy with respect to new helicopters? Would he and his party support the government spending billions of dollars for the replacement of the Sea King helicopters?

The hon. member talked a great deal about open procurement policies. What he said during his comments was that far too often these things are knee-jerk. Is the member not aware that a House of Commons committee travelled and came up with a report dealing with the future of the Canadian Armed Forces? In response to that report the government came out with the defence white paper which clearly outlines the government's policies with respect to national defence. Last, he says that before these big procurements are finalized they should be debated in the House. Is he an advocate that House time should be spent debating each and every procurement contract of the Government of Canada?

• (1330)

Mr. Mills (Red Deer): Madam Speaker, I am not sure I will get all 20 questions answered, but I will make an attempt.

We are saying that national defence must have better equipment. However before it gets better equipment, we have to target what we are going to do. We have to establish the criteria and then we have to do it.

He talks about the report that was presented. I was on the foreign affairs part of the committee and there was communication between the two committees. The point is that the recommendations were to cut from the top. That has not been done.

If cuts are made at the top that money will be available for the bottom. Cuts should not be across the board but certain things should be targeted. Some things are gone 100 per cent, other things will increase. The sort of slash and burn tactic that the member has in mind is totally not what Reform members have in mind because we will target. We will set our criteria and then we will have something that is efficient. We will apply the same efficiencies that business applies, which government has totally ignored for all these years.

It is a matter of going after the top. Government does not seem to be able to do that. It is too easy to cut from the bottom up.

Supply

As for the EH-101s, that should have been looked at very carefully. I am sure the government did, but did it know of the potential costs of the cancellation? Did it really look at all of that?

From what experts say the EH-101 probably was not the helicopter that was needed. What the minister is proposing is probably a good idea, but he has to have his act together. How much does it cost? How many are being bought? How many are needed? That is what has to happen.

Mr. Jim Abbott (Kootenay East, Ref.): Madam Speaker, it is very interesting that we meet here today to discuss a Bloc Quebecois supply motion which attempts to get even more Canadian dollars to spend in Montreal.

On the basis of the number of dollars that have been sent to the province of Quebec from the so-called have provinces, Alberta, British Columbia and Ontario, one would think there would already have been a recognition of the tremendous amount of support there has been on the part of all Canadian taxpayers to the idea of the old line parties of attempting to buy the loyalty of the people, and I think of them as being in the minority in the province of Quebec, who would see Quebec secede from Canada.

It is also interesting that on this particular day we also note that the leader of the Bloc Quebecois has decided that he is going to continue in the House of Commons as Her Majesty's official loyal opposition, working his attempt to break up Canada, all the while waiting to become the premier of the province of Quebec.

I seriously doubt the sincerity of the motion being brought forward by the Bloc Quebecois. Indeed, in its own way it is rather mischievous.

Furthermore, after taking a look at the issue of whether there should be a Canadian content to our military procurements, it strikes me that it runs a very strong parallel to the attitude of this old line government, the Liberals and their predecessors, the Conservatives, relative to regional economic development grants. It falls into exactly the same category.

There seems to be a will on the part of the old line parties to create a national level playing field. In a matter of about 25 minutes, the auditor general's report on regional development grants will be released. It will be very interesting to be able to focus on a dispassionate review of how these grants have worked and whether a national level playing field has been created.

• (1335)

With respect to the issue of taking military product off the shelf, there is an over-arching issue. The over-arching issue is that Canada, at the federal level, is not taking into account the non-funded liability of the Canada pension plan, which is already over half a trillion dollars in debt. It is approximately \$550 billion to \$560 billion in debt. Much to the amazement of people when they actually take the time to think about it, the

government is borrowing about \$100 million every day to pay the interest on the money which has been borrowed. Therefore, when talking about necessary military equipment procurement, if there is a greater value for Canada's tax dollars, that must be paramount in the decision making process.

The idea of being able to intervene in the Montreal economy, or for that matter to intervene in the Canadian economy, is appealing. It certainly has been shown to have a tremendous appeal to members of the old line political parties. The \$100 million which is borrowed daily will destroy our ability to fund health care, post-secondary education and the Canada assistance plan. Even old age security is under threat as a direct result of the desire of the government and its bedfellows, the Conservatives, to intervene in the economy.

If an off the shelf policy for these procurements can be created and achieve the savings which Canadians are looking for, then the question is: What would that do to business in Canada?

As a proud Canadian I am constantly impressed with our ability to compete. In the world there is no nation of people who are better able to adapt and compete. Canadians do not need this kind of over-arching government intervention to help competitiveness.

It also drives home the issue with which we were faced during the latter days of the referendum. I recall being told that the majority of Canada's CF-18s were at Bagotville, Quebec. I also recall being told that the vast majority of armaments, that is, the munitions for the Canadian Armed Forces, are in the east end of Montreal. When the Bloc defence critic, on the letterhead of the leader of the Bloc Quebecois, advised people in the Canadian army to desert and join the new Quebec army, I really have to wonder about the sincerity and the depth of thought which has been given to this issue by the Bloc Quebecois. Why in the world would we permit ourselves to fall into the situation in which there is even more investment in that field in Montreal when the people who are proposing this legislation are talking about separating Quebec from Canada?

The defence critic, I presume, is shepherding this motion through the Chamber on behalf of the Bloc Quebecois. His comments, in my judgment, were nothing short of sedition. You cannot be telling people in the Canadian army to desert. That is absolutely and totally unacceptable. I understand that a legal action has been commenced. I rather hope it has some success.

• (1340)

It is just about time to call a spade a spade. If the Bloc Quebecois was serious about this motion, if it really wanted to see Canadian procurement and if it is talking about taking Quebec out of Canada, how in the world can it not be seen as being totally contradictory? As a matter of fact, the two things are absolutely diametrically opposed to each other. They simply do not fit. In all good conscience, how could any Canadian go along with this motion?

To get back to the smaller issue of procurement, because truly the larger issue is that of the Bloc attempting to smash Canada, Canadians, because of the size of the debt, must demand value for their tax dollar. This motion simply would not achieve that.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I want to put a question to the member for Kootenay East. It has to do with the issue of Canadian content.

The greatest dollar value of exports, not just in terms of dollar value but number of jobs created in the country today in the manufacturing sector, is the automotive industry. The automotive sector represents the greatest number of jobs and exports. The foundation that has generated that reality today started when the auto pact was negotiated with the United States of America.

In that auto pact, percentages of Canadian content were negotiated. As the automotive industry was developed, the taxpayers invested in the foundation stages hundreds of millions of dollars in new equipment, in research and in the capacity to manufacture a world class, automotive, technology manufacturing capability.

When we have such a model of proven success in job creation in a sector that is bringing literally billions of dollars to the treasury right now when it is looked at in its totality, why should we not do a careful analysis to see if we could not create the same opportunity in the aerospace sector?

I realize the free trade agreement states that Canadian content can be dictated no longer. I opposed the free trade agreement which was one of the reasons why I opposed it. I felt it took a piece of our industrial policy making capability away from us. However, why would we not take a look at the aerospace industry in the same light as the automotive industry?

Mr. Abbott: Madam Speaker, I find that question to be very reasonable. There is a very significant difference between myself and the other member because I look at the aerospace sector and the procurement of any of these armaments, be they tanks or helicopters, as being dollars spent by Canadian taxpayers, whereas the procurement of an automobile is dollars spent by a consumer.

• (1345)

I also contest and simply do not accept the concept that Canadians directly invested dollars in General Motors or the Ford plant. These are multinational corporations that have their own investors and their own ability to borrow. While from time to time they have depended on ill-thought programs the various old line governments have come forward with, the reality is the dollars that are being invested are not only being invested by the

Supply

multinational corporations but are being raised by multinational corporations.

I have a very significant difference of opinion with the other member. To underline the major difference I just spoke about, the dollars being spent on the procurement of equipment for our armed forces are Canadian taxpayers' dollars. The dollars being spent for the procurement of an automobile are being spent by the consumer.

[*Translation*]

The Acting Speaker (Mrs. Maheu): Barely a minute remains. The hon. member for Charlesbourg will allow for an answer.

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Madam Speaker, I would just like to say to the representative of the third party that, in his list of figures and in his comments, when he talks of surplus military equipment in Quebec, he is completely forgetting to mention the navy.

There is nothing in Quebec to do with the navy. It is to be found in the west and in the maritimes. As far as the F-18s are concerned, most of them are not in Quebec. He should go over his figures and inform himself better. As regards the awarding of contracts, I might propose this list here of the latest contracts worth more than \$3 billion, awarded to Ontario without call for tender. In the west, the Western Star was obliged to accord part of this contract to Quebec—6.5 per cent. In another contract, there was no mention of Quebec at all.

All of this to say that often things are interpreted according to the figures or information one has available. I would simply like to point out to the member from the third party that, if he wants more specific information in order to have a better understanding of Quebec and its representatives, I would be pleased to provide it, because, unfortunately, I have run out of time.

Mr. Nick Discepola (Vaudreuil, Lib.): Madam Speaker, I will share my time with the hon. member for—

[*English*]

Mr. Abbott: Madam Speaker, on a point of order, I believe I was asked a question.

The Acting Speaker (Mrs. Maheu): Sorry, the time has expired. I asked him to take 30 seconds. Please go ahead very briefly.

Mr. Abbott: Madam Speaker, I would suspect that the member, along with many of the old line parties, sees the military as a make work project. We do not.

Second, I was not referring to surplus purchases. What I was referring to was that there was current active military equipment based in Quebec that under the Bloc Quebecois, under the separatists, would have ended up, as far as they were concerned, under their control in the event the vote had gone the other way. I do not think Canadians see that as being rational or reasonable.

Supply

[Translation]

Mr. Discepola: Madam Speaker, I will be sharing my time with my colleague, the hon. member for Broadview—Greenwood.

I am very pleased to take part in this debate, because I finally have the opportunity to set the record straight.

The Canadian space program, which has been running for 35 years already, has allowed Canada to carve out an enviable position among developed countries. Canadians have reaped benefits from it that have improved their quality of life, if only in terms of satellite communications.

It is with much pride that I point out the excellent work of the Canadian Space Agency, one of the most prestigious federal institutions which now has its headquarters firmly established in Saint-Hubert, near Montreal.

• (1350)

As a member of the government, I am proud to be associated with this success and to have been part of the agency's accomplishments since my arrival in the House.

The construction of its headquarters in Saint-Hubert, an investment of almost \$80 million, has created, either directly or indirectly, almost 1,000 person-years. According to studies that were done to quantify the economic spinoffs of having the agency in Saint-Hubert, it is estimated that it has injected about \$75 million into the Quebec economy annually, both in terms of salaries and the purchase of products and services.

These are the figures, but one of the main economic benefits of having the agency in Quebec is its impact on that province's industrial base. Here are some concrete examples: the development of new cutting-edge technologies in strategic sectors such as communications and data processing software; the international reputation consolidating Montreal's status as a global player; and the establishment in Saint-Hubert of other space facilities such as the RADARSAT ground control station, the control centre for the mobile servicing system and the astronaut and international space station operator training system.

One of the main social advantages is the training of the hundred or so students who come every year to specialize in high-tech areas.

Since 1988, Quebec has received over 35 per cent of the total budget of the Canadian space program, which means that \$540 million worth of contracts are awarded to Quebec-based companies. Quebecers are among the main beneficiaries of the Canadian space program.

Spar Aerospace alone, which is located in Sainte-Anne-de-Bellevue in my riding, has received a significant portion of the contracts for the production of MSAT and RADARSAT satellites, which testifies to the excellence of Quebec engineers. RADARSAT, which was launched into orbit on November 4, is the result of more than 15 years of co-operation and political will. RADARSAT also ushers in a new global industry. The resulting global trade will contribute to the development of a new natural resources management and environmental monitoring business. And it is mainly in Quebec that this great project has materialized.

And that is not all. At present, a feasibility study is under way to gather all that is required to implement Phase II of RADARSAT. But what must be pointed out here is the participation of a new player, namely SNC-Lavalin, whose reputation as the world leader in large scale project management is firmly established.

The Canadian Space Program also promoted the diversification of several Quebec businesses, which have gained a world-wide reputation of excellence. Take these four for example: CAE Electronics, of Ville-Saint-Laurent, with contracts totalling \$90 million; MPB Technologies, of Montreal, whose contracts are worth in excess of \$16 million; FRE Composites, of Saint-André, with a total contract worth of \$11 million; and BONEM, of Quebec City, with contracts totalling \$4 million.

The need to adjust to new realities brought about by market globalization and by the growing importance of a knowledge-based economy represents a major challenge. In this context, it is important that we be able to define new partnerships between teaching institutions and industry. Like the other provinces, Quebec has displayed impeccable leadership. Fifteen years ago, there were no university programs to prepare for the future in high-technology sectors. Through an initiative of the Centre d'adaptation de la main-d'oeuvre aérospatiale du Québec, post-graduate programs meeting international standards were developed.

• (1355)

Today, a particularly innovative university-industry partnership has resulted in a master's degree in aerospace engineering being offered in five Quebec universities. This training strategy is proving to be very effective in enabling Quebec to keep playing a lead role in the space industry.

To invest in the space industry is to invest in our children. This vision born 35 years ago has not died; it keeps making Quebecers and all Canadians prouder and prouder.

[English]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I have a short question. Since it is almost two o'clock, I would prefer to begin my remarks after question period.

I would like to build on the member for Vaudreuil's point. He alluded to the notion of creating this infrastructure, which ultimately leads to exports. This is the point I was trying to make earlier to the member for Kootenay East when I asked the member of the Reform Party if he did not see the investment that was made in the automotive industry from the auto pact until the free trade agreement. Under the free trade agreement we do not have the same options of opportunity to invest in that industry, but thank goodness it has a great foundation now: the auto pact leads, in terms of job creation and exports, any sector in our country.

The point I was trying to make to the Reform Party is this infrastructure we have invested in within the province of Quebec in the aerospace industry now leads to tremendous exports not only in terms of military hardware, helicopters, et cetera, but also aircraft like the Canadair commuter jet, which is now being exported all over the world, creating jobs not only within the province of Quebec but across the country.

Could the member for Vaudreuil confirm for the House that the investments the Liberal government has made in the aerospace industry are now leading to all kinds of exports around the world, which ultimately means jobs for Canadians?

Mr. Discepola: Mr. Speaker, like the hon. member for Broadview—Greenwood, I am proud that the commitment by our government has always been to promote the industry and sustain the industry.

I am hearing from the industry that it is not after handouts. It really wants to be on a level playing field on an international scale. If we take a look at the successes in the aerospace industry, a major beneficiary of which is the region of Montreal, we would not have to look very closely to see the success of Canadair, the success of SNC—Lavalin, Bombardier, and recently the joint partnership that Pratt & Whitney announced with Russia.

If we are to allow this industry to promote itself and to grow, we have to give it the level playing field and the tools necessary for it to compete on a world scale.

* * *

REPORT OF THE AUDITOR GENERAL OF CANADA

The Speaker: Colleagues, I have the honour to lay upon the table the report of the Auditor General of Canada to the House of Commons, volume 3, dated November 1995.

[Translation]

I should remind the hon. members that, pursuant to Standing Order 108(3)(d), this document is deemed permanently referred to the Standing Committee on Public Accounts.

S. O. 31

[English]

As it is two o'clock, we will now proceed to Statements by Members.

STATEMENTS BY MEMBERS

[English]

CANADIAN NATIONAL INSTITUTE FOR THE BLIND

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, this year the Canadian National Institute for the Blind dedicated its annual review to the more than 20,000 people from across Canada who work as CNIB volunteers.

Volunteers work at all levels of the organization, from national policy development to fundraising to the support of core services. They enable the CNIB to do much more than would otherwise be possible, transforming each \$5 donation into an estimated \$100 of impact for clients.

The CNIB values its volunteers because the imagination, experience, purpose and insight they willingly provide would be difficult to buy at any price. Without volunteers its work would be unthinkable.

I am sure all members join me in recognizing and thanking those Canadians who give so generously of their time and energy in support of the CNIB.

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BEAVER RIVER

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, last week I drove 3,300 kilometres around Beaver River conducting my fall tour. I talked to hundreds of people at town hall meetings, school classrooms and in my office.

People are concerned about the government's bills on MP pensions, employment equity, gun control and so on. The thing they asked more questions about rather than anything else was the referendum. Everybody in the meeting asked now what.

This morning we find out that now what means another referendum. People at home recognize the distinctiveness of Quebec with regard to language, culture and civil law. Because the term distinct society is undefined they think it would be a lawyer's delight to see it enshrined in the Constitution as it would be wide open to interpretation. I even had a Liberal supporter ask me what part of no the Liberals did not understand in the Charlottetown accord.

We must move forward to the new Canada, not backward to failed ideas and plans. They did not work. They are not working and will not work. Let us scrap the unity committee of politicians and let the people speak.

* * *

UNEMPLOYMENT INSURANCE

Mr. John Solomon (Regina—Lumsden, NDP): Mr. Speaker, overall reductions to benefits paid to recipients of unemploy-

S. O. 31

ment insurance are adding to the welfare rolls of many provinces including Saskatchewan.

The cumulative impact of the cuts to the unemployment insurance program has been the addition of over 15,000 persons to the Saskatchewan assistance plan caseload at a cost of \$63 million. In addition to the UI reductions, the Liberal government transferred responsibility for providing assistance to off reserve status Indians, adding another 10,000 people to the welfare rolls at a cost of \$38 million. In Saskatchewan, UI payments decreased by over 25 per cent from \$410 million in 1992-93 to \$300 million in 1994-95.

The Liberal government was elected on a platform of providing jobs. Instead it has thrown more workers on to welfare rolls in Saskatchewan than ever before, adding to the burden of Saskatchewan taxpayers.

Canadians get angry when the unemployed are forced to live on welfare while in Ottawa a Liberal MP receives a free new suit simply for getting off his chair.

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SPACE PROGRAM

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, congratulations to Chris Hadfield on his voyage in space and best wishes to members of his family in Peterborough riding: son Kyle at school in Lakefield, sister Pat Bowlar in Norwood and Aunt Caroline Kitchen in Peterborough.

A Canadian has now operated our Canadarm in space and it will be the prototype for a giant space crane. Next year Marc Garneau, one of our most distinguished astronauts, will be returning to space. He will be followed by yet another Canadian astronaut: three Canadians in space within a year and a half.

The astronaut program is one of the most successful features of the Canadian Space Agency which is based in Montreal but which has a nationwide science and technology network. Our astronauts have inspired students from kindergarten to Ph.D. III. They have had a healthy effect on all science and technology in Canada.

Canada is united in its space efforts. Let us remain united on this blessed portion of the earth's surface.

[Translation]

OFFICIAL LANGUAGES

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, ten years ago, Ontario recognized French as one of its two official languages before the courts. The province has since passed several provisions which have made it increasingly bilingual in the judicial field. In fact, a case can now be heard in French at any level of the provincial legal system, including that of the appeal court.

The Association des juristes d'expression française, which held its convention in Ottawa this past weekend, has always been at the forefront of the movement to improve our bilingual judicial system. This is a complex and difficult task, and I want to congratulate the association for its dedication and its determination in overcoming any obstacle to that very important goal.

The program benefits all Ontarians. It also shows that, in North America, the French language and culture have a much better chance of being preserved, and even expanding, in a bilingual Canada than in separate states.

* * *

• (1405)

GUN CONTROL

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, the senators will decide tomorrow if they will oppose the House of Commons firearms bill. Some of us may be in favour of Bill C-68, some of us may be against certain provisions, but all members of Parliament would agree that the voice of the people of Quebec and of Canada has been heard on this issue, in this House.

The debates lasted a long time and many witnesses came to express their concerns. The federal government rejected most of the amendments put forward by the witnesses who appeared before the committee, and the Liberal members rejected the amendments proposed by the official opposition members.

However, Bill C-68 concerning firearms was passed by hon. members who were democratically elected by their constituents. Respect for our democratic values should, of itself, prevent senators from opposing this legislation. Whether they are Liberal or Conservative, these senators do not speak for the people, they only speak for themselves.

* * *

[English]

NATIONAL MEDICARE DAY

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, a recent poll in the *Medical Post* says that 58 per cent of consumers and 76 per cent of physicians expect Canada's system of health care to get worse in the next 10 years. To

express the public's concern the Canadian health care coalition has declared today, November 21, National Medicare Day.

In support I must question the mixed up priorities of a government that maintains grants to businesses and industry, grants to special interest groups, grants for multiculturalism and official bilingualism and the latest list of waste and mismanagement in today's report of the auditor general but cuts grants to the provinces for medicare.

Recently the North Okanagan Labour Council brought the public's concern about medicare to the attention of the city of Vernon, the city of Kelowna, the district of Lake Country and the north and central Okanagan regional districts.

I salute all these groups for expressing their strong support for Canada's system of publicly funded health care.

* * *

BANKING

Ms. Bonnie Brown (Oakville—Milton, Lib.): Mr. Speaker, I commend Canada's major banks for their corporate citizenship in establishing a banking industry ombudsman. This will strengthen procedures for handling complaints from small business when the operation begins on April 1, 1996. Certainly the framework is welcome news to the small business community that has often voiced its frustration in dealing with lending institutions.

In addition they have announced the appointment of their own internal ombudsman. I know that Mr. Al Horton who resides in my riding has accepted the challenge involved in becoming the first ombudsman for the Bank of Montreal.

Canadians should know that expenses to operate the system will be borne by the banks and not by the taxpayers. The new framework will benefit the small business community, a sector that is vital to the Canadian economy and to job creation in Canada.

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ICELANDAIR

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, on Friday, November 10, I was pleased to join provincial counterparts, Iceland Ambassador Einar Benediktsson and Icelandair representatives in welcoming Icelandair to Halifax International Airport in Nova Scotia.

Icelandair is a 60-year old privately run airline. It is no mere beginner. It carries 1.2 million passengers every year. Icelandair will begin scheduled service to Halifax on May 14 next year. It will go from Halifax International Airport to some 20 destinations in Europe through Reykjavik. We in Halifax West and in

S. O. 31

Nova Scotia look forward to the tremendous potential this brings for tourism in Nova Scotia.

Icelandair recently held a Reykjavik to Halifax flight for Scandanavian tour operators, an important first step for this exciting tourism opportunity. Icelandair knows what more and more companies are coming to realize, that metropolitan Halifax and the province of Nova Scotia are good places to do business.

* * *

BRAIN TUMOUR FOUNDATION

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, brain tumour month is in October of each year. It has come and gone, but the challenge to assist those afflicted remains with us.

Over 10,000 Canadians are diagnosed each year with a brain tumour. A cause or cure has yet to be found for this devastating disease. The key to successful treatment of a tumour is early diagnosis which is only possible if people become aware of the signs and symptoms of the tumour. Researchers are constantly opening new doors to the possible causes.

The mission statement of the Brain Tumour Foundation of Canada is to fund brain tumour research, provide patient and family support services and educate the public. The foundation needs our support.

* * *

● (1410)

[Translation]

STRIKEBREAKERS

Mr. Bernard St-Laurent (Manicouagan, BQ): Mr. Speaker, after voting in favour of an antiscab bill brought forward by the Bloc Quebecois in 1990, the Liberal Party is about to make an about-turn by refusing today to support the bill that I introduced in this House in order to prohibit the use of scabs during labour disputes.

Again, the federal government is giving in to Ontario and ignoring Quebec's legitimate demands. Need I remind members that the Ontario government has just abolished its antiscab legislation which protected workers in that province?

What the Liberal Party is about to do is totally outrageous. We hope that, when Liberal members rise in the House to defeat the bill this afternoon, they will realize that they are breaking promises they made to workers in Quebec and elsewhere in Canada.

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[English]

CANADIAN WHEAT BOARD

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, prairie farmers and western Canadians were

Oral Questions

shocked and outraged to hear of the ludicrous benefits lavished on Canadian Wheat Board commissioners. For the last 15 years, wheat board commissioners have set their own perks and privileges that included eight weeks of vacation per year and severance packages of up to \$290,000.

At last we have seen the reason for closed doors and secrecy at the wheat board. Since they are not accountable to anyone they have been able to fill their pockets at will. Shame on the Liberal government for not fully correcting an injustice by removing these benefits retroactively.

This is a damning reminder of the gold plated MP pension plan all over again, farm bankruptcies and fat cat wheat board commissioners. It is a prime example of the Liberal red book promise of equality.

* * *

ATLANTIC CANADA

Mr. Joe McGuire (Egmont, Lib.): Mr. Speaker, once again the Reform Party has insulted the intelligence of the people of Prince Edward Island and the rest of Atlantic Canada. The statement yesterday by the member for Vegreville oozed with contempt not only for local politicians but for the people themselves.

This patronizing, condescending attitude comes from a party whose solution for the problems of Atlantic Canada is simply to move people out. It comes from a party which opposes any form of regional development funding for Atlantic Canada. It comes from a party which espouses the belief that the only Canadians who deserve full health care are those who can afford it. It comes from a party which would replace the development of self-reliance in strong communities by an individually oriented survival of the fittest type society.

Perhaps most significant of all, it comes from a party that received less than 1 per cent of the popular vote in P.E.I. in the last federal election and will receive less in the next federal election.

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[Translation]

LEADER OF THE BLOC QUEBECOIS

Mrs. Madeleine Dalphond-Guiral (Laval-Centre, BQ): Mr. Speaker, this morning, the Bloc Quebecois members were the first to learn, directly from their leader, that he had decided to run for office as successor to Jacques Parizeau as leader of the Parti Quebecois. In our hearts, sadness was followed by pride and confidence that this extraordinary man will help the Quebec people achieve their legitimate ambitions with respect to their destiny.

We are all aware of the great qualities of this man and we know he will muster the creativity and the energies of all the

people, in order to meet the many challenges that we, Quebecers, will have to face.

We are proud of the work we did with him. His decision sets a milestone in our common struggle for Quebec because our leader and the Bloc Quebecois is engaged in the same struggle, the struggle of the Quebec people.

* * *

[English]

ATLANTIC CANADA

Mrs. Bonnie Hickey (St. John's East, Lib.): Mr. Speaker, lately Reform Party members have been spending a lot of time talking about Atlantic Canada. They have made a couple of trips east and now claim to be instant experts on our region.

For example, these Reform experts believe that the Atlantic fishery is dead, even though it was worth over \$1 billion last year; that we should have been softer on foreign overfishing, and that the federal government should get out of Hibernia, despite the fact that it creates thousands of jobs and means millions of dollars to the Newfoundland economy.

• (1415)

As a Newfoundlander born and raised, who lives and pays taxes in St. John's East, I would like to tell the third party what we do not want. We do not want the Reform slash and burn agenda, which includes massive cuts to UI, health, and regional development. We do not want the Reform plan for a flat tax, which would guarantee that poor people are taxed at the same rate as the rich.

It is clear that Reform's ignorance is far greater than its knowledge of Atlantic Canada.

ORAL QUESTION PERIOD

[Translation]

RAILWAY TRANSPORTATION

Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ): Mr. Speaker, my question is for the minister responsible for regional development in Quebec.

Yesterday, it was announced that CP Rail's head office in Montreal will be closed and relocated to Calgary, leading to the loss of 710 jobs in Montreal. CP Rail justifies its decision by saying that an increasingly large portion of its activity is centred in the western provinces. Ottawa's policies have always supported western railway development at great cost, while encouraging rail cutbacks in the east.

Does the minister acknowledge that CP Rail's move to the west is the result of the discriminatory policies that have always been practiced by the federal government with respect to rail transportation?

*Oral Questions**[English]*

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, it is always regrettable when there are layoffs in any sector. I know how difficult job losses are for any community. However, this was a decision made by a private corporation whose board of directors had to take into account their competitive situation not only in Canada but in North America.

This decision made by CP affects a number of people across the country, including a 28 per cent change in Toronto, a 20 per cent change in Vancouver and a change in Montreal.

On the broader question of what this government is doing to ensure that we have a competitive, affordable transportation system in this country, the member will know because he is a member of the Standing Committee on Transport, that we are determined to ensure that we have a competitive, affordable railroad industry so that our shippers and our customers can be well served and we can continue to create jobs in the export market.

[Translation]

Mr. Paul Mercier (Blainville—Deux—Montagnes, BQ): Mr. Speaker, be that as it may, given the extremely negative impact of the federal government's discriminatory policies on Montreal, what does the minister responsible for regional development plan to do to compensate for the loss of 710 jobs as a result of the CP Rail move to Calgary?

[English]

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, it should be noted that the eastern headquarters of CP's operations will continue in Montreal. Over 2,500 good quality jobs for CP will remain in Montreal.

[Translation]

Mr. Paul Mercier (Blainville—Deux—Montagnes, BQ): Mr. Speaker, Montreal has the highest number of poor families in Canada, and one of the highest rates of unemployment.

What hope do Montrealers have left, in the wake of the problems created wholly by the federal government which lead to unemployment, job loss and poverty in this major Quebec centre?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Liberal): Mr. Speaker, if one looks at the assistance to small and medium business provided by this government, if one looks at the federal policy on the pharmaceutical industry, if one looks at the assistance to the aeronautical industry located in Montreal, it is very clear that the federal government has the well-being of Montrealers at heart.

Now the time has come to address the economic agenda and drop the political agenda of the Bloc and the PQ.

• (1420)

Mr. Gilles Duceppe (Laurier—Sainte—Marie, BQ): Mr. Speaker, after thousands of jobs were lost as a result of a decision by CN to streamline its operations, a decision that severely affected Montreal, this city now faces a decision by CP Rail to move its headquarters.

Since the federal government is responsible for a shift in railway operations towards Western Canada and it has done nothing to contain the negative impact of downsizing by CN and the CP headquarters move, what excuse does the minister responsible for regional development have for failing to deal with the major economic problems that have affected Montreal in the past two years?

[English]

Mr. Joe Fontana (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, I am happy the member has just mentioned CN because this government has privatized CN, the largest share issue in Canadian history and it has gone extremely well. Over \$2.2 billion will come back to this government and this country by virtue of CN's privatization.

Second, it should be noted that Bill C-101 builds on creating opportunities for the creation of short line railroads in Quebec and throughout the country, creating jobs, creating businesses. That is what the government is committed to doing, creating jobs and opportunities across the country.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte—Marie, BQ): Mr. Speaker, the inference is that a member from Ontario is looking after regional development in Quebec.

This government claims to take care of the real problems of Canadians. Well, the minister responsible for regional development identified Montreal's real problems back in June 1992. He then referred to innovative policies for defence conversion and a general upgrading of the industrial infrastructure.

Since he has done nothing to stop unemployment in Montreal and has in fact done the exact opposite, why does he not implement a program for the economic renewal of Montreal, as he suggested in 1992?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, in the past year 66,000 new jobs were created in Quebec. These new jobs were created thanks to this government's policies.

The hon. member referred to the national infrastructures program. This program has helped to create hundreds and thousands of jobs in Quebec. The Bank of Canada's monetary policy has helped to bring interest rates down. The Canadian government's tax policy has helped to reduce the deficit—

Oral Questions

meanwhile, the Quebec government did nothing—which has given Quebecers something to look forward to. I am very proud of our record.

* * *

[English]

NATIONAL UNITY

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the Leader of the Opposition has decided to depart this chamber for Quebec City. He is going to prepare for one last attempt to take Quebec out of the federation.

The task in this Chamber is to prepare the case for federalism and to do so with a clarity and a vision that was completely missing from the last referendum campaign. In the dying days of that campaign, the Prime Minister belatedly promised to fundamentally change the way the federal government operates. He promised quick action.

Is the Prime Minister ready to act? What action does the Prime Minister propose to fundamentally change the way federalism operates so as to strengthen the case for federalism like it has never been strengthened before?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we said there were to be some changes and we will proceed with some changes.

For example, we started more than a year ago signing agreements with nine provincial governments to eliminate the duplication that is mentioned on this side of the House and the other side of the House. We hope we will be able to do the same thing with the new government in Quebec so there will be less duplication.

We will look at what can be done in terms of making the federation work better, but I do not believe that dismantling the federal government will solve the problem. We need a strong federal government that has an active presence in all parts of Canada and in Quebec. That would solve the problem. It is not by dismantling Canada to make a community of 10 communities that we will succeed, as is the proposition of the leader of the third party.

• (1425)

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, no one has argued in favour of dismantling the federation. This is typical of so much debate in the Chamber. No one debates anyone's real position. The position is moved off to the extreme and they debate the extreme, not the real position.

The fact of the matter is that 60 per cent of Canadians outside Quebec and 80 per cent of people in Quebec want some change in the alignment of powers between the federal and provincial governments. They want control over natural resources, social

services, language and culture to be in the hands of the government closest to them, and that is not the federal government.

When is the government going to do something practical and concrete in response to this desire for change and a realignment of the powers between the federal and provincial governments? This is not dismantling; it is realignment.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, there is value to having a federal government. For example, on this side of the House we are strongly in favour of a medicare system that is equal for all citizens in every part of Canada. It is not only the desire of the people of Alberta, B.C. and Ontario; the people of Quebec want free medicare through which all Canadian citizens and all citizens of Quebec can be admitted to the hospital not because they have money but because they are citizens.

When the leader of the third party talks about dismantling the five conditions of medicare he is on the way to dismantling the country.

When we were fighting to keep Canada together, it was not very useful for the leader of the third party to talk about the Constitution. That was the time to talk about national unity and jobs for all Canadians.

Mr. Preston Manning (Calgary Southwest, Ref.): Mr. Speaker, the weakness of the Prime Minister's answer profoundly disappoints.

We were looking for action and all we got from the government was a committee. We were looking for statesmanship at a time of national crisis and all we got was political cheap shots. We are looking for strength and all we get is tired old answers and weakness.

The Prime Minister makes a profound mistake by interpreting the demand for decentralization in Quebec or anywhere else as the dismantling of federal programs.

When is the federal government going to propose some major change in the alignment between the powers of the federal and provincial governments?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are working every day to make the federation more efficient. But I am not working from the basis that we have to destroy the federal government to be successful. We believe there should be a resolution that is a two-way street, not a one-way street of devolution.

It has always been my position that there are some things the federal government should do for the good of all Canadians. That is exactly what we are trying to do.

The leader of the third party is always talking in terms of weakening the central government. If we do that, at the end of the road we will not have Canada any more. We are fighting to keep Canada united.

[Translation]

REGIONAL DEVELOPMENT

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, my question is for the minister responsible for regional development in Quebec.

In his report tabled today in the House, the auditor general casts doubt on the ability of the Federal Office of Regional Development—Quebec to create sustainable jobs and revenues. In Quebec alone, since 1988 FORD-Q has spent \$1.15 billion on businesses and organizations without first verifying their financial viability. Of 11 businesses examined, five had to close their doors before receiving the final government subsidy payment.

• (1430)

How does the minister explain that, in the midst of a public financial crisis, FORD-Q is incapable of awarding federal funding more judiciously? Why is it taking so long to put a stop to this endless wasting of taxpayers' money?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, just in the years the member mentioned—between 1988 and 1994—, the Federal Office of Regional Development—Quebec committed \$1.1 billion. This commitment generated investments of \$6.4 billion in over 4,000 projects in Quebec. This is job creation, and we are proud of it.

Mr. Richard Bélisle (La Prairie, BQ): Mr. Speaker, the auditor general indicates that program overlap in regional development is a source of waste, as we all know, and that FORD-Q had no influence on the policies of other federal governments.

Will the minister finally understand that the federal government must get out of this area of jurisdiction and transfer the funds to the provinces, which are in a better position to act, in any case?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, I think the report the hon. member is reading is different from the one I have.

First, I would point out to the member that most of the criticism of FORD-Q applies to the 1980s. Things have changed since then. That is, the programs of the 1980s cannot perhaps be adapted to the 1990s. This is why FORD-Q completely changed its programming in order to create an SMB access centre, which has led to hugely successful SMBs.

I would like to quote from the auditor general's report: "The development of the new programming framework is the result of strategic reflection. FORD-Q's approach is well structured. Roles and responsibilities were clearly defined, and appropriate mechanisms put in place to ensure activity co-ordination and follow up. Our examination revealed—this is the auditor gener-

Oral Questions

al speaking—that the department had given reasonable consideration to information on past activities and on its internal and external environments".

The auditor general congratulated us, and I would like to congratulate the department officials here today.

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[English]

FOREIGN AFFAIRS

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, reliable sources confirm that foreign governments are very upset about our SIGNET program of communication between our embassies and Ottawa. SIGNET is leaking. SIGNET is leaking not only our information but the information of our allies.

What has the Minister of Foreign Affairs personally done to respond to the complaints of our allies to ensure that the secret information in SIGNET is kept secret?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, as I said yesterday in the House, the government does not discuss security or intelligence matters.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, that is the same answer I have been getting as I have tried to research this through various people. I have talked to the acting director of SIGNET and I have talked to security. It is our allies who are telling us to do something.

In opposition the government whined about patronage, whined about SIGNET costing too much, whined about the \$100 million that was being spent. Now the government risks losing not only international trade, it also risks losing co-operation with our allies and losing our reputation. What is the minister going to do to change this?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, I see that the hon. member has been reading some press articles which have motivated him to ask questions in the House.

I want to assure him that the system is fully operative. It is working to the satisfaction of the government and to the people who are using it.

* * *

• (1435)

[Translation]

REGIONAL DEVELOPMENT

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, my question is for the minister responsible for FORD-Q. In the report he tabled today, the auditor general points at serious flaws in the management of federal regional development programs. He states, among other things, that since 1988, the federal government has spent \$4.5 billion for these programs without

Oral Questions

knowing if they have really helped create jobs and if they were properly spent.

Does the minister responsible recognize that it is inadmissible to spend \$4.5 billion, \$1.15 of them in Quebec, without any clear creation of jobs?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, as a matter of fact, quite a number of jobs have been created as a result of the Federal Office of Regional Development's activities. I can tell you that whenever I visit one of the 13 FORD-Q offices in Quebec, and meet business people, I meet individuals who have created jobs thanks to the federal office's activities.

Indeed, if there were problems with program evaluation, the department recognized them and this is the reason why we changed our programming and the way we operate. I do accept the member's congratulations on our new programming.

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, obviously, the minister of finance is skating around the issue, but the auditor general was very clear. Since the auditor general has pointed out that FORD-Q's methods for evaluating program spinoffs are flawed, does the minister intend to take corrective actions so that taxpayers may have a clear and correct idea of reality?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Mr. Speaker, we did that two years ago.

* * *

[English]

AGRICULTURE

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

His minister of agriculture was to release the final report of the Canada-U.S. Commission on Grains two and a half months ago on September 11. The minister of agriculture is rivalling the Prime Minister and the Minister of Human Resources Development in the do nothing department.

My question stems from his promises to launch reforms to a number of key agriculture areas based on numerous reports and studies. Can the Prime Minister tell the House why he allows his agriculture minister to delay the Canada-U.S. joint commission report, even though the commissioners who have drafted the report have suggested the content is complete and is similar to material released in the interim preliminary report?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I rise to take this question on behalf of my colleague, the minister of agriculture. Let me confess that I do not have the kind of knowledge this question requires to give a good answer. But I do know that the best minister of agriculture who lives and breathes on the North American continent today sits to my left in the House of Commons.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, the Minister of Fisheries and Oceans knows no bounds in his attempt to become the replacement for our current Prime Minister.

One wonders if the minister's delay has more to do with the fact that the report will give legitimate fodder for those farmers calling for the reform of the Canadian Wheat Board. The minister indicated yesterday in the House on a plebiscite that "this plebiscite was not the be all and end all of wheat and barley marketing". It seems that the minister fears allowing producers the right to determine how they market wheat and barley.

Does the joint commission's report contain definitions and content that the minister is withholding from the public's view because it might influence the outcome of the Alberta plebiscite on wheat and barley marketing toward an outcome the minister does not particularly want?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, even a minister of fisheries knows you cannot put the cart before the horse. The reality is the plebiscite results will not be released until December 5. The member opposite would be the first one to stand and complain if the minister of agriculture came to conclusions in advance of knowing the plebiscite results and finishing the consultations.

Be patient and a very excellent minister will do a very excellent job as usual.

* * *

• (1440)

[Translation]

DIPLOMATS

Mr. René Laurin (Joliette, BQ): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Canadian diplomats are having the government pay for plane tickets that they do not use, and then getting refunds from the airline and pocketing the money. This practice is such that a diplomat posted to Australia with his family can derive benefits equivalent to one third of his annual pay by cashing in his plane tickets.

Given that his government is asking all Canadians to tighten their belts, how can the Minister of Foreign Affairs justify tolerating such an outrageous practice benefiting diplomats?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member is not up to date. Had he attended the foreign affairs standing committee's meetings, his question would have already been answered, because this issue was raised and an answer provided in committee.

Mr. René Laurin (Joliette, BQ): Mr. Speaker, we have raised this question in this House before, but never got any real answers. That is why we are asking it again today.

Could the Minister of Foreign Affairs explain to Canadian taxpayers why he refuses to immediately put an end to this practice, which is unacceptable at a time when UI benefits are being cut back to replenish the state's coffers?

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, perhaps the hon. member did not like the answer he was given. As a matter of fact, he has just confirmed having received an answer. He may not like it, but he must understand that arrangements between government employees and Treasury Board are made under the applicable collective agreements, which are honoured by the government.

Should we exceed our powers and not comply with the terms of these arrangements, the hon. member would be the first one to complain that we are not respecting collective agreements.

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[English]

SCIENCE AND TECHNOLOGY

Mr. Mauril Bélanger (Ottawa—Vanier, Lib.): Mr. Speaker, we were all very proud to see Canadian astronaut Chris Hadfield return safely to earth yesterday from a successful eight-day mission aboard the space shuttle *Atlantis*.

This government has made it clear that it is very important to establish spending priorities that meet the needs of Canadians. Would the Secretary of State for Science, Research and Development please tell this House what exactly are the benefits Canadians receive from space flights like the one Chris Hadfield returned from yesterday?

Hon. Jon Gerrard (Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, I thank the hon. member for his question. It is true that sometimes when we are deep in snow on the ground in Canada it is nice to have the sort of inspiration and hope which is provided by Chris Hadfield up in space using Canadian technology including the space vision system to link in partnership in space two former cold war protagonists.

I should add as well that earlier this month we launched RADARSAT which is positioning Canadian entrepreneurs competitively in the global earth observation market with some very new technology. It provides some remarkable advantages as

Oral Questions

well in monitoring and being able to improve the quality of our global environment.

* * *

EMPLOYMENT

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, my question is for the minister of public works.

The auditor general accuses the regional agencies of inflating the job creation numbers. Jobs are counted twice, part time jobs are considered full time jobs and jobs that no longer exist are counted as jobs. This is a serious indictment against this government whose jobs platform has been shredded to pieces by the auditor general's report.

Will the minister admit to Canadians that the government's job creation strategy through borrowed money, infrastructure programs and regional development agencies is a \$10 billion failure?

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, I thank the hon. member for his question. It clearly indicates to the House the clash of ideologies between this party and that party. The ideology of that party as it relates to Atlantic Canada is one of "will the last one leaving please turn off the lights". It is migration out for the Reform Party when it relates to Atlantic Canada.

• (1445)

I welcome the auditor general's recommendations. We have moved on many of them and hope to live up to almost all of them in due course.

In the agency I represent two national reputable firms surveyed 1,150 of the various private sector companies that received financial assistance from ACOA. They told us that 96 per cent of the jobs the firms said they were going to create they did create.

The auditor general surveyed 51 companies and he found that some of the precision, if you will, of the reporting could be improved on, and we will do so.

He also said:

Our findings, while based on a significant portion of the reported jobs created, cannot be used in place of the survey as an estimate of the jobs created by the Agency's clients.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, let us take a look at some examples. While the government was downsizing the fish processing industry, it spent \$2.2 million to upgrade a fish plant. This caused a neighbouring fish plant to close down. The 250 jobs that were created were stolen from the other fish plant. The second one closed down in 1994, yet somehow these 250 jobs that disappeared entirely showed up as job creation.

Oral Questions

Will the minister tell us on what basis jobs stolen, jobs lost, jobs eliminated and money wasted will count as jobs created?

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, the hon. member is totally incorrect. The reality is that our particular agency vastly underestimated the number of jobs which were created in our region.

The auditor general reviewed only two programs. He did not review the contribution that entrepreneurs and tourism, for example, made to the Atlantic economy.

The hon. member might be interested to know that notwithstanding the difficulties in the fisheries in Atlantic Canada, the Ministry of Fisheries and Oceans, and in particular the minister, can confirm that we do have in many parts of Atlantic Canada a viable fishery. That fishery can grow. It can be enhanced. It has to have the leadership of the private sector and as a regional agency we want to work with them in order to enhance that.

* * *

[Translation]

AGUSTA

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, the same day the government announces its intention to call for bids on 15 new search and rescue helicopters, the Minister of Public Works and Government Services announces the conclusion of an agreement with Agusta to break the contract for the EH-101s.

My question is for the Minister of Public Works and Government Services. Are we to understand from the announcement of this agreement with Agusta that the government has given up trying to investigate the circumstances surrounding the awarding of the contract for the EH-101s, which is what the present Minister of Human Resources Development was calling for when he was in opposition?

[English]

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, I do not know about the appropriateness of the question in view of the fact that I believe it is the subject matter of the opposition day today.

Let me repeat what I have said on three separate occasions. The Government of Canada has entered into negotiations concerning termination costs for two contractors with the Government of Canada. We were successful with one. We have held very long, very exhaustive negotiations with E. H. Industries on termination costs. We have reached agreement. I hope to be able

to provide the details in due course, but because of certain confidentiality rules I am not at liberty to provide that today.

I said before on the floor of the House of Commons and I have said it outside of the House that this particular matter has been resolved. When the details become available to all members, they will realize that the Government of Canada has achieved its particular objective.

[Translation]

Mr. Jean-Paul Marchand (Québec-Est, BQ): Mr. Speaker, given Agusta's involvement in dubious events in Belgium during negotiations for a similar helicopter contract, and given that the contract for the EH-101s was negotiated at the same time as the one that was the focus of the scandal in Belgium, how can the minister persist in his desire to pay hundreds of millions of dollars in compensation to Agusta, without a preliminary investigation?

• (1450)

[English]

Hon. David Dingwall (Minister of Public Works and Government Services and Minister for the Atlantic Canada Opportunities Agency, Lib.): Mr. Speaker, once again the hon. member is incorrect. It is not compensation. It is termination cost. We have reached agreement. In due course, the details will be provided to the House.

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FISHERIES

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, the Fisheries Council of Canada wrote to the Minister of Fisheries and Oceans on November 10 graphically pointing out that the government spends more than five times as much as Norway and ten times as much as Iceland on fisheries administration even though both of these countries catch more fish than Canada.

Will the minister admit that his department's spending on fisheries administration is totally out of control and must be drastically reduced if Canada's fishery is to remain viable and competitive in the future?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I do know a few things about fish. I will not make any admission that the cost of administration within DFO is totally out of control.

I know the member will want to carefully do his homework with respect to making representations on behalf of the Fisheries Council of Canada. What he should know is that the Fisheries Council of Canada said that we should have a fishery more like New Zealand. In New Zealand 73 per cent of all the quota available in the whole country is held by only eight companies.

Oral Questions

If the Reform Party is seriously suggesting that some 64,000 fishermen ought to disappear so that eight corporations could hold 75 per cent of the quota, then the member should say so.

Mr. Mike Scott (Skeena, Ref.): Mr. Speaker, it is unfortunate that the minister insists on spewing his bilge in the House rather than answering questions.

Some hon. members: Oh, oh.

The Speaker: I am not sure about all the terms that are used in fisheries and oceans, but I do not think that was very nice. I would ask the hon. member to be a little more judicious in his words.

Mr. Scott (Skeena): I apologize, Mr. Speaker. We are not talking about changing the structure of the Canadian fishery. We are talking about getting the cost of administration under control.

The fisheries council states unequivocally that the minister's plans to drastically increase access fees will make Canadian fishermen even less competitive in world markets.

Will the minister commit to reducing spending in his department by \$50 million rather than saddling Canadian fishermen with another \$50 million in new access fees which are nothing more than a tax?

Hon. Brian Tobin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I hope the member knows the difference between bilge and bunk because what he is spewing now is bunk.

Some hon. members: Oh, oh.

The Speaker: I am not sure I understand but I would like the hon. minister to get on with his answer.

Mr. Tobin: Mr. Speaker, the member has asked a specific question, will I cut the department of fisheries by \$50 million? The answer is no. I am cutting it by \$250 million.

I want to advise the member that it is not the Fisheries Council of Canada that speaks for the fishermen, it is the Harvesters Council. We met them last Monday and the member should try doing the same. Talk to a few fishermen once in a while.

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CANADIAN PACIFIC RAILWAYS

Hon. Warren Allmand (Notre-Dame-de-Grâce, Lib.): Mr. Speaker, my question is for the Minister of Industry.

Would the minister say whether the CPR consulted with or advised the government before cutting 700 jobs in Montreal yesterday and shifting its headquarters to Calgary? If so, what reasons were given? Does the government have a plan to deal with this additional loss of quality jobs in the Montreal area?

• (1455)

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, as the hon. member knows, the decision by CP Rail was one taken by a private company. I have no knowledge of nor reason to believe that the company or any of its directors either consulted or gave information to the government in advance of that decision.

I point out that it is always regrettable when jobs are lost in any community. However, if we are going to address the ability of the private sector throughout Canada to create jobs we are going to need to do it in a way that enhances and enables the private sector to invest and thereby stimulate growth and jobs.

It would seem to me that it would be very advantageous for the city of Montreal if the kind of co-operation that was offered by the Government of Quebec was such that companies potentially investing or staying in Quebec could feel that they were doing so in an atmosphere of political stability and where they could have confidence in seeing their investments grow and improve.

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[*Translation*]

ASSISTANCE TO RESEARCH

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, my question is for the Minister of Industry.

There will be serious budget cuts in 1995-96 and 1996-97 for the research funding councils. For instance, the Natural Sciences and Engineering Research Council budget for that period will be cut by \$142.3 million.

Is the minister aware that cutting assistance to research carried on outside federal laboratories will penalize Quebec most heavily, because this is the type of federal merit-based research funding in which Quebec receives a fair share?

[*English*]

Hon. Jon Gerrard (Secretary of State (Science, Research and Development), Lib.): Mr. Speaker, I would like to reaffirm to the hon. member that decisions made by the granting councils, and in particular the Natural Sciences and Engineering Granting Council to which he referred, are taken impartially with reviewers from across Canada in a way that is fair and recognizes excellence.

I am pleased to say that from the point of view of Quebec, Quebec scientists and researchers are doing very well competitively and, from the granting councils in general, they receive their fair share and often very much more than that. It is a good compliment to Quebec, under the circumstances, with the granting councils operating fairly.

*Points of Order***JUSTICE**

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, my question is for the Solicitor General of Canada. In 1987, Wanda Woodward was strangled by Daniel Gingras, a convicted murderer who was out of prison on a birthday shopping pass.

Six years have passed since the family filed suit for damages against the prison system. To date, the case has not been settled nor has an apology been issued to the Woodward family.

Only a few weeks ago, the solicitor general eagerly defended Correctional Services Canada for a \$12,000 payout made to convicted murderer John Lee because Lee was beaten up in jail.

If a criminal such as Lee is paid off so quickly and those actions defended by the minister, why is he not coming to the defence of the Woodward family and their plea for just compensation for their daughter's murder?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, when this matter was brought to my attention I began looking into it. I can say that discussions are under way between the lawyers of the Department of Justice and the lawyers for the plaintiff.

* * *

LAND MINES

Mr. Svend J. Robinson (Burnaby—Kingsway, NDP): Mr. Speaker, my question is for the Minister of Foreign Affairs on the subject of land mines which kill or maim some 2,000 people every month.

Mines Action Canada, Dr. Chris Giannou and others working for a total Canadian ban on the stockpiling, production, export and use of land mines welcomed the minister's recent statement supporting these objectives.

Will the minister confirm the government's intention to implement this important new policy? Will he also tell the House when this new policy will take effect?

[Translation]

Hon. André Ouellet (Minister of Foreign Affairs, Lib.): Mr. Speaker, as I have said on several occasions, the objective of the Government of Canada is to eventually completely eliminate the manufacture, export and use of land mines. There are, of course, a number of countries doing this. This is why discussions are under way in the UN to gain acceptance of this objective by all countries.

● (1500)

Canada has already taken part in some meetings and will play an extremely active role in the next, to be held in Geneva early this coming January, in order to gain worldwide acceptance of the objective we are pursuing.

* * *

[English]

NATIONAL DEFENCE

Mr. Andrew Telegdi (Waterloo, Lib.): Mr. Speaker, my question is for the Minister of National Defence. It involves the contracting out of household moving services for the furniture and effects of employees of the federal government. The moneys involved are in excess of \$100 million annually.

Will the minister inform the House as to what steps he has taken to ensure greater competition in awarding the moving contracts, which will result in savings to the taxpayers of Canada?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, in response to my hon. colleague, I have to tell the House that the interdepartmental committee on household goods removal has sought to deliver household goods in a more cost efficient manner.

The committee, in consultation with industry and all members of the House from four different parties, has developed an approach that basically responds to and is approved by the Bureau of Competition. It develops a strong potential for saving, increases the level of competition and access by new entrants and moderates the implementation risks involved.

I am pleased to inform the House this is a better method of moving. I think it is agreed to by all members. I thank all those who co-operated in the consultations.

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PRESENCE IN GALLERY

The Speaker: I wish to draw your attention to the presence in the gallery of the Hon. Louise Dacquay, my sister Speaker of the Manitoba Legislative Assembly.

Some hon. members: Hear, hear.

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POINTS OF ORDER

STANDING ORDER 109

The Speaker: This morning we had a point of order raised by the member for The Battlefords—Meadow Lake. The hon. parliamentary secretary wants to speak to this point of order.

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, in response to the hon. member for The Battlefords—Meadow Lake and the point of order he raised this morning about the government's lack of response to a report of the Standing Committee on the Environment, I understand that the report of the committee was a very lengthy one and involved 141 recommendations for change to the Environmental Protection Act. That act is currently under review in light of the committee's recommendations.

The government is preparing a response, but because of the length of the report and the very complete report that was tabled by the committee, it was unable to be completed for today. It is anticipated that a response should be forthcoming within the next couple of weeks.

I realize that the standing order requires tabling of a report within a limited time, but rather than table a short or incomplete report, which would not have answered all the committee's concerns, the government chose to take extra time to do this. I regret this fact was not communicated to the House in advance to warn hon. members so that the hon. member for The Battlefords—Meadow Lake would not be in the position of asking for this today.

I assure the House that the government will proceed with the matter with dispatch. I hope I will be in a position to have the Minister of the Environment here shortly, within a few weeks, to table the government's response to this report.

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I have just a short response. First, I thank the hon. member for his quick return with an answer to this very important question. I appreciate the time he has taken today to bring the government's response timetable to the attention of the House.

I wish to remind you, Mr. Speaker, that the previous Speaker's ruling on a matter like this did indicate that it was disheartening when a government missed a deadline.

• (1505)

The government committee that had studied this issue previously said: "If a document cannot be tabled within the prescribed time, the responsible minister should advise the House accordingly before the deadline. It is not acceptable that a deadline is ignored".

It should be very clear in the House that when the rules of the House are put in place to aid and assist members of Parliament in doing their jobs, the government has a responsibility to uphold those rules. I believe very strongly that something has to be said to the government and the minister responsible in this regard.

The deadline was missed. The government had an obligation to come to the House prior to the deadline being missed. It is unacceptable for them to have missed this deadline.

Supply

The Speaker: I think the point of order is well taken. I think the hon. parliamentary secretary has given a response and a commitment to the House that the information will be forthcoming within the next few weeks.

I concur that the rules of the House should be adhered to and it is regrettable when they are not. I hope the explanation that was given by the hon. parliamentary secretary to the member for The Battlefords—Meadow Lake at least in this particular case will satisfy him.

The House has heard the commitment taken by the parliamentary secretary. If that is acceptable to the House, I will not rule on the point of order because it seems to have been resolved at this point.

GOVERNMENT ORDERS

[English]

SUPPLY

ALLOTTED DAY—CANADIAN AEROSPACE INDUSTRY

The House resumed consideration of the motion.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I appreciate having the opportunity to share time with my colleague, the member for Vaudreuil, on this Bloc Québécois opposition day motion.

It is important to go over the words of this motion presented to the House by the Bloc. They are condemning the government for having dropped the Canadian content requirements in the contracts for the purchase of military equipment and refusing to set up a genuine program for the conversion of the military industry, thus endangering the Canadian aerospace industry located in Montreal.

It is important for all Canadians to know, specifically Canadians from Quebec, people from Quebec who still believe in Canada and even the separatists for that matter, that it was a Liberal government that basically set up the foundation of the aerospace industry in the province of Quebec.

We only have to go back to when the current Prime Minister was the minister of industry in 1977. As the Minister of Industry, Trade and Commerce, he was the one who bought the rights for the Canadair Challenger jet. That Canadair Challenger jet, which started out as an executive jet, as we all know today is probably one of the best commuter jets manufactured in the world. That industry is alive and well in the province of Quebec, which is part of the Bombardier Corporation.

We just need to go back to 1980–81, when the then Liberal government under the direction and leadership of Pierre Elliott Trudeau made a multi-billion dollar purchase of the F-18A fighter aircraft and 80 per cent of the offsets in that fighter aircraft were basically let out to the aerospace industry in Montreal.

Supply

• (1510)

The history of and the commitment of the Liberal government to the aerospace industry in the province of Quebec are well laid out. There is a great commitment and there is great history. For the Bloc Québécois to suggest that we as a government are not committed to supporting this industry is simply incorrect.

In the motion the Bloc Québécois is saying that the government dropped the Canadian content requirements. It is forgetting what happened when many members of the government were in opposition.

I would like to return to the free trade agreement. The leader of the Bloc Québécois supported the free trade agreement. Many of us on this side of the House opposed the free trade agreement. One of the reasons we opposed the free trade agreement was chapter 14, which essentially gave people offshore unfettered access to and unlimited control over the Canadian industry. As part of that agreement we now are prohibited from dictating Canadian content.

We have to remind the members of the Bloc Québécois that they cannot suck and blow at the same time. It is not possible. They cannot stand up in the House to support the free trade agreement, which essentially gives up our ability to dictate Canadian content, then come back three years later and condemn the government for having dropped the Canadian content requirements. That is the motion we have before us today.

The members of the Bloc Québécois opposed the notion of having control over Canadian content three years ago and they are regretting it today. It was the Liberal Party that opposed the free trade agreement as it was negotiated by the previous government.

I have always believed the auto pact was an example of a negotiated trade agreement in which we could enshrine our interests and our ability to ensure Canadian content. That was a unique feature of the auto pact. However, we gave up the opportunity to negotiate a similar agreement for the aerospace industry.

It is very important for us to let Quebecers know the Liberal government is not opposed to the aerospace industry in Quebec being a vibrant and healthy sector. The Liberal government will not do anything to hurt the industry. If anything, we are going out of our way to help it.

The question that was brought up by some Bloc Québécois members this morning is what is Quebec's fair share. The Canadian space station is based in the province of Quebec. That is one of the premier institutes of the industry. The commuter jet of Canadair is being manufactured in Quebec. The maintenance of the F-18A, our fighter aircraft, is being done in Quebec today. As a Toronto member, an Ontario member, I have absolutely no

difficulty with that. It is a good move. By building a critical mass of expertise in the province of Quebec in the aerospace industry we create a capacity to bid on some available subcontracts, prime military contracts available throughout the world.

• (1515)

In other words, we obviously do not have the capacity to build total military aircraft or total products in an off the shelf sense. However, because of the component specialization that exists within the aerospace industry in the province of Quebec, we can bid on some component parts with any of the prime manufacturers not only in the United States but anywhere in the world.

It is very important to make sure our fellow Canadians realize this avenue of opportunity is available for people in the aerospace industry in the province of Quebec.

It is true that in the past we were much more aggressive in dictating Canadian content. However, because of the ability to make a quality product at a competitive price, there is probably a lot more opportunity in the aerospace industry in the province of Quebec than Bloc members are giving it credit for.

As part of the new defence industry conversion program we are trying to say to those people in the aerospace industry that although we no longer give direct grants we will make sure we give them marketing support. If they have a quality product in that sector at a competitive price—and we certainly have an advantage because of our Canadian dollar—then the secret would be centred in the whole area of marketing. We have to market the aerospace industry in the province of Quebec.

Rather than stand in the House today and cast doubt on the ability of the aerospace industry to compete, we should be boasting about the quality products made in the aerospace industry in the province of Quebec and figuring out ways of doing things together.

The Speaker: I regret to inform the member that his time has expired, but we have time for questions and comments if there are any.

[*Translation*]

Mr. Gilbert Fillion (Chicoutimi, BQ): Mr. Speaker, on this opposition day, the debate is on a subject chosen by the Bloc Québécois, and I must say I have always had a special interest in national defence.

There are a number of reasons why that is so, the main one being that in my riding, we have an important entity that reports to the Department of National Defence and I am, of course, referring to the Bagotville Base.

The base is a major employer in the Saguenay—Lac—Saint—Jean area. Bagotville provides employment for more than 1,250 military personnel and 280 civilians.

Supply

• (1520)

That alone makes it a major economic asset to a region that, need I say it again, has the highest unemployment rate in Canada.

I am sure that the same could be said of other regions in Canada, since there are always substantial economic spinoffs for a region where a base is located. Many small industries are located around the base itself and have often developed expertise in the defence industry.

Cutting or downsizing at that level does not affect only National Defence as such, it also affects small businesses in the vicinity. There is cause for alarm when the federal government decides to close part or all of its military infrastructures, since residents then have to adjust their lives accordingly.

On February 22, 1994, the Minister of National Defence in this government sent me the following letter, and I will read two extracts: "I regret to announce that the project to develop an air to ground weapons range for CFB Bagotville in your riding has been cancelled".

The most important part of the letter is this: "Although we considered the importance of maintaining the balance of economic and regional benefits, the decisive factor in making these difficult decisions is as follows: they must be based on military and economic considerations".

The letter says: "National Defence will work closely with other departments and regional development agencies that will help communities plan for the future".

You may recall that subsequently, on July 10, 1995, the Minister of National Defence replied as follows: "There are plans to cut 305 military and 15 civilian positions in the 3rd Squadron at CFB Bagotville. However, this information is only an estimate and further changes may be made subsequently". That probably means additional cuts.

What surprises me is that following these cutbacks, the Department of National Defence says it will work in close co-operation with other government agencies to help these communities plan their future. Well, despite the cuts in my area, we have not seen and I have not sensed any willingness on the part of other departments to get involved to deal with certain situations. Certainly not. And of course a number of bills have been tabled in the House, starting with the bill to establish the Department of Human Resources Development, the department that is closing employment centres. Employment centres are being closed while the unemployment rate goes up.

We also have trouble retraining or providing new kinds of training for people who have been laid off, and I am talking about both the military and civilians.

• (1525)

We must face the federal government's new choices. I think that the government has forgotten that the economic development of many communities depends on defence. When the federal government decides to leave a region or change its equipment, it should act a little more responsibly.

In the area of defence, a so-called responsible government should focus on conversion. As my Bloc colleague said earlier, the aerospace industry is one of the areas best suited for conversion. Yet, it seems that this sector remains one of the most fragile in Canada, at a time when several other countries have opted for conversion.

The governments of all countries with significant aerospace industries actively support this sector. One only has to think of companies like General Dynamics in the U.S., which grew because it received defence contracts from the U.S. government. The governments of all these countries put in place major conversion programs.

We, in Quebec, have expertise allowing us to believe in this reality. We have engineering firms, architectural firms, trained technicians who are ready to face these new challenges. In most cases, the federal government's policy on projects requiring new infrastructures is to go ahead without calling for tenders.

I am going to tell you something. Last week, the commander of CFB Bagotville and I inaugurated a \$2.8 million arena in my riding. When this project was on the table, architectural and engineering firms from outside Quebec were invited to prepare plans and specifications, when we, in the Saguenay—Lac—Saint—Jean region, have construction firms that can build massive dams like the James Bay project. Yet, they are incapable of building a small arena for some 200 to 300 people, an arena which has, of course, become very important for the military. It is very important.

The question is not whether or not to have an arena, but rather who will be the builders, architects and engineers involved. After running around here, there and everywhere in various departments, I managed to arrange that a firm from our area would at least be allowed to submit a bid. Finally. Many thanks to the government employee who told me: "All right, Mr. Fillion, CEGERGO will be invited to bid for building the arena".

It was not a matter of favouring this particular firm over another, but a matter of placing this firm on an equal footing, to at least give the chance to a firm that is paying taxes to Canada and employing hundreds of people to bid on an arena project.

Supply

• (1530)

The defence department, through its construction engineering branch or what not, said the firm would be allowed to bid because it had done some work in James Bay and built a 20-storey building in Montreal. I guess they felt it had some credibility, so they decided to accept it as a contender. Would you believe that the contract, a turnkey contract, was eventually awarded to this very firm, CEGERGO. Turnkey means that everything was run from the office, using expertise from my region.

By going to tender, we give our regions a chance to develop. In contracting however, it is important that everyone be given a chance to compete. I am sure that we end up saving money this way.

In the United States, between \$4 billion and \$6 billion is allocated to conversion assistance in the Clinton plan. Of course, their population is larger. In Europe also larger sums are invested in this area. When you make an effort to look around and see what is going on outside of Canada, you realize that, more and more, Canada's track record as far as its aerospace industry is concerned is not great.

In Canada, funding for programs designed to help the Canadian defence industry has been steadily cut year after year. We are told that a great deal of streamlining is happening in terms of cuts to defence spending, but at the same time people are left jobless. That is not important. It is not important that, at some point, communities find themselves in bad shape. However, they do not realize that, even though cuts are being made in the defence budget, as well as in other departments, Canadians have an increasingly heavier tax burden. Try to make some sense out of that.

In the late 1980s, the budget was somewhere around \$300 million. This year, in 1995-96, it is only \$102 million and it is constantly diminishing. The government does not care at all about those who relied on the defence industry. As you know, the aerospace industry plays a vital role in Quebec's economy. This is a reality we have repeatedly stressed in this House. That industry is important for many Quebecers, since the salaries paid in that sector are quite good.

In 1993, close to 20,000 Quebecers worked in the aerospace industry. Therefore, the federal government should increase its research assistance in that field. In addition to increasing the budgets allocated for research and development, Canada should change its defence procurement policy regarding goods and services as quickly as possible. This is all the more necessary, given that the new policy no longer includes Canadian content requirements, thereby jeopardizing the development, around

each and every base, of companies which have developed such expertise.

• (1535)

Given the federal government's lack of action, these companies are forced to compete with foreign businesses, most of which are heavily subsidized by their respective governments. This creates a double standard. It is very difficult to be competitive when the federal government reduces its subsidies. We are competitive in terms of design and work, but we cannot compete at an economic level since these foreign companies are subsidized by their governments. Yet, we have the expertise. We provide quality products and services.

How, then, can these businesses be competitive when the same types of businesses elsewhere are heavily subsidized?

I can understand the concerns of the people who have built up these businesses with their time and money and the sweat of their brows. We need not be surprised if they also have to relocate outside Canada in order to survive. There is no doubt whatsoever that if Ottawa pulls out of funding research and development, a lot of people are going to be worried.

The Government of Quebec will be worried as well. The Quebec minister of industry is committed to looking at ways his government might offset the federal withdrawal. The federal government, via the Department of National Defence, creates a need and then when it finds itself no longer able to foot the bill decides: "Let us shift everything. The provincial government will have to find some solutions".

This is just another way of dumping responsibilities one has assumed off onto the provincial government, withdrawing gradually and leaving them to take up the slack.

In my opinion, this is not a responsible way for the federal government to act. It must change its procurement policy in order to foster the development of leading edge industries. We must take a page from the book of other countries which encourage industrial development.

I trust that this government will, in future, require a minimum of Canadian content when purchasing equipment.

[English]

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I want to respond by making a comment on the hon. member's presentation.

I congratulate him on coming from a great part of Canada, the Chicoutimi area. I know the area quite well. I used to spend parts of the summer there with my family staying at the Club de chasse in Tadoussac. I fished on Lake Tadoussac at the mouth of the Saguenay. It is a very beautiful part of the world.

• (1540)

With respect to the tenor of his comments, some of the things the member said may sound sensible and logical. Perhaps in different times we nurtured the idea of Canadian content when we could afford it. It was a luxury. I point to the St. Laurent class destroyer, to the DDH280 and to other acquisitions that had total Canadian content, with some exceptions of boiler equipment and other auxiliary machinery.

All countries are cutting back. In the course of my duties as parliamentary secretary over the last two years I have had the occasion to meet with the secretary of defense of the United States, the minister of defence of the Federal Republic of Germany, the minister of defence of Holland and other defence ministers. If there is one thing we have in common it is that we are cutting back. There is a peace dividend. The cold war is over. While we are peacekeeping and fighting brush fires which are real wars in that sense, the scale is different.

In the last decade the Department of National Defence has given up \$21 billion and 21,000 men and women in uniform, 45 per cent of its civilian workforce. It has reduced the reserves from 29,000 to 23,000 in two years. We can no longer do what we used to do and I did not find that factored into the equation presented by the hon. member.

I know he did not intend to mislead. To talk about principles, theories and things that would be nice if there were no limitation on funding is one thing. However, if he would look at the reality of the situation, at the issues that dictate procurement policy in national defence, he might come up with a slightly different approach. I want to ensure the hon. member has factored that into his equation.

It is the same with conversion. The answer to conversion is not a massive infusion of money. Canada cannot afford that. Let us try to do as other countries have done with initiatives and other ways of doing it, as I suggested earlier, were presented by the Minister of Industry and the minister of public works.

[*Translation*]

Mr. Fillion: Mr. Speaker, first I think the hon. member should come and visit the region before it closes down. As I said earlier, we have a very high unemployment rate, and when you add all the people who are on welfare, I think the government should go down there and reassure these people. I would appreciate it if he came down for a visit. I would be delighted to have him as a guest.

As for his comments, I must say that, when they talk about Canadian content and they tell us that when we had a lot of money, we could afford Canadian content, we could give the people in our regions something to hope for and tell them: "Get into those fields, start factories and small businesses and adapt

Supply

to what is out there". Today, now there is nothing left, the government has dropped the whole thing and we let others do the job.

If you consider all the government programs we have in this country, I am sure we would be able to find the money to fund defence conversion. There are so many programs.

In fact, the auditor general himself said today in one of his reports that the Federal Office of Regional Development for Quebec had spent \$4.5 billion without knowing where it all went and what it accomplished. In fact, this kind of money could be used for programs to help develop this defence industry.

My point is, we should look at the various programs that exist today, that are poorly managed and that cost us an awful lot in terms of time, money, energy and interest, especially, and accomplish absolutely nothing. We could give these industries a special boost.

• (1545)

In any case, if these industries are not given financial support, they still remain competitive in terms of the products they manufacture or the services they offer. And that is where the answer lies. Because these businesses are competitive, we can develop expertise, using programs that today are not accomplishing a thing but could be reviewed and redirected to National Defence.

[*English*]

Mr. John Richardson (Perth—Wellington—Waterloo, Lib.): Mr. Speaker, it is my pleasure to join in the debate on the Department of National Defence and the Canadian industrial base as proposed by the official opposition.

[*Translation*]

This is the age of information, the age of rapid change. We are not just talking about technological change, which most of us have managed to keep up with over the course of the past ten years, but about change in the very nature of the way people relate to each other and the way things are done. With the fall of the Berlin wall, we began a period of change more radical and intense than anything we have known since the invention of the cold war.

[*English*]

I am here today to speak about those changes which affect the relationship between DND and the defence industry and suggest a view of what that new relationship may look like.

Actions in the world have caused a reaction in DND. Let me trace the main actions and then the DND reaction. The first action was the fall of the Berlin wall, which led to a reassessment of Canadian defence concerns.

Supply

The second action is the fiscal situation in the country. We have a deficit and a significant debt. The negative effects of the situation have been made clear to all of us over the past year. There is now widespread agreement that this situation must be revised through budget cuts.

The third action results from the need to reduce the number of employees in the federal public service, including DND. This results in a significant reduction in the workforce. All of these actions affect DND, resulting in changed roles, reduced budgets and reduced personnel.

[*Translation*]

Now let us have a look at the industry side. We can see that these same events—the fall of the Berlin Wall, the reduction in military personnel and budget cuts—have put considerable pressure on Canadian industry and their export markets. This is the case, specifically, for many of the companies involved in Canada's defence industrial base, which we want to be able to count on in the event of an emergency.

As for DND's reaction, it does not require a whole lot of intelligence to realize that the department is no longer merely a spectator in this age of change. It is a participant and must make its own changes. DND must look after its affairs differently and change its structure if it is to succeed in this new context.

• (1550)

[*English*]

This need for change led to the defence white paper of December 1994. In general this document reconfirmed the need for multi-purpose, combat capable sea, air and land forces to perform a wide variety of tasks at home and abroad: the protection of sovereignty and security; co-operation with the United States in the defence of North America and contributions to peace and security abroad.

In addition, the white paper indicated that to accomplish these ends, DND would have to operate more efficiently and make optimum use of equipment, infrastructure and human resources specifically to focus on maintaining core capabilities, reduce and refocus regular and reserve forces and the civilian workforce, reorganize the command and control systems and purchase affordable equipment.

The white paper also recognized the need for the department to exchange or enhance its partnership with the private sector, work toward harmonizing industrial and defence policies to maintain essential industrial capabilities, transfer activities currently conducted in-house to Canadian industry or to share them with industry under various partnerships arrangements when a business case of the same could be made, modernize and streamline procurement process and in general to seek innovative ways to support operational forces.

It must not only be said of the Canadian defence industrial base that DND must adapt to the new circumstances but that our industries must also do things in a different way with a different structure if they hope to fulfil their corporate visions in the new age.

It would be worthwhile to provide an overall context for the Canadian defence industry through some relevant defence statistics. Canadian defence spending is quite small compared with that of other western nations. It is about 1.5 per cent of GDP. Canadian defence and defence related industry accounts for little more than 1 per cent of the gross domestic product and somewhat less than 1 per cent of the Canadian labour force which equates to between approximately 60,000 and 80,000 direct and indirect jobs.

With few exceptions like Bell Helicopter, CAE, the diesel division of General Motors, Diemaco and Saint John Shipyard Ltd., our industry produces subsystems, components for niche markets rather than complete systems. A Canadian defence industry is highly specialized with particular strength in the areas of aerospace, electronics and communications. This enables our industries to be well positioned in the competitive process.

[*Translation*]

Canada's defence industry has the ability to diversify its activities and to come to terms with niche markets, which augers well for its future. As you can readily understand, Canada's defence expenditures alone will not support Canada's current defence industrial base. Our defence industry's survival and prosperity depends on its selling or exporting dual purpose commercial products.

I would now like to talk about the factors and new realities governing relations between DND and the defence industry in Canada. It is clear, on the one hand, that our present budget precludes our supporting an industry base of the size we might have had a few years ago. Funding additional resources is totally beyond our present means.

• (1555)

[*English*]

Our desire today is for a sound Canadian defence industrial base which optimizes the number of national sources of goods and services available to support the Canadian forces during operations.

In addition, the scenario for operations today for us and our major allies is pretty much accepted to be "come as you are". Under these conditions, our interests are best served by supporting the overall health of a Canadian industrial base which includes a broad range of technologies and support capabilities that we need.

From another aspect, DND has the responsibility to recognize the considerable impact which expenditures from the defence budget have on the Canadian economy and the Canadian industrial base.

DND must smoothly integrate other factors and government program initiatives such as the development of dual use technologies, demonstration of a peace dividend, defence industry conversion, development of export markets and the like into its procurement process.

Let me give some specific examples of our changing relations with industry. Although DND's budget has been reduced, the department remains committed to the goal of devoting a greater share of defence expenditures to capital acquisition.

To maximize the return from these expenditures, the department will be approaching its future capital procurement based on principles such as the following. First, it will accelerate the shift to off the shelf technology and commercial specs and standards. Second, it will augment our reliance on the private sector in the day to day support of commercial items. Third, it will seek to avoid unique Canadian solutions that require expensive and risky research development or modifications. Fourth, whenever possible it will purchase equipment with performance which has been demonstrated in the field.

As a result of the budget cuts and changes in thinking mentioned earlier, it is only logical that the department will have to rely to a much greater extent on the private sector to meet equipment support needs of the Canadian forces in the future.

The trend will be government partnering with industry, that is government seeking solutions from industry rather than dictating solutions to industry. In addition, in order to allow Canadian firms to increase their productivity and competitiveness, DND is looking at how it can make doing business with government easier.

[*Translation*]

While both DND and the industry try to maintain a sufficient industrial base, they are under considerable pressure and must adapt to a completely different defence framework in industrial terms. Exporting, which in the past was a way to compensate for a low demand from Canadian forces, has become a double-edged sword.

World over-supply and competition from the former eastern block and Asian countries will create an increasingly competitive market.

[*English*]

As defence budgets around the world began to shrink significantly there was much talk about the need to convert military

Supply

production to civilian or commercial production. However, defence firms used to selling to one customer, the government, find themselves ill-equipped for the commercial market where tastes change rapidly.

The same problem of the conversion to the private sector market was faced in the United States. The problem in defence downsizing and conversion for the Canadian industry is much less significant than that in other western industrialized nations.

As I stated previously, the Canadian defence industrial base is a highly diversified one. In fact, only a handful of companies make complete defence systems such as Oerlikon Aerospace and Diemaco.

• (1600)

Also included in Canada's defence industry are several companies that make complete dual use or commercial systems for the global market, such as Canadair, CAE Electronics and Bell Helicopter; manufacturers that are primarily oriented toward niche marketing and the exports of parts components and sub-components, such as Pratt & Whitney Canada, Canadian Marconi and Allied Signal, and several repair and overhaul contractors, such as IMP and CAE Aviation. As such, the Canadian industry is well placed to respond to and weather the challenges posed by defence downsizing.

Spar Aerospace, for example, has reduced its defence operation and has increased its market diversity. At the same time it has vertically and horizontally integrated its operations by acquiring an interest in Telesat Canada. Furthermore, it has acquired Comstream and prior data giving an additional technology in the area of satellite broadcasting and data compression as well as access to additional markets.

Other companies, such as Computing Devices of Canada, have chosen to remain in the defence market realizing that there are still many opportunities in the global defence market for competitive high tech companies.

At this juncture I think it would be valuable to give an insight into our assessment of what the major features of the defence environment are likely to be. Broadly speaking, the following characteristics will likely dominate. First, domestic procurement expenditure by the Department of National Defence will not see any appreciable increase and will decline across the board. Second, the nature of what is bought and the size of the buys may change. This could mean a move toward non-leading edge technology in weapon systems and an increase in demand for repair and overhaul items, thereby placing greater emphasis on services. Third, there will be an excess capacity in the worldwide defence sector. Finally, competition will grow and worldwide protectionist tendencies will be more difficult to maintain under the world trade agreement.

Supply

The preceding features will affect government and industry equally. However, the appropriate response to the new defence environment will need to take into account the complementary but unique role each plays.

Let me deal with industry first. The rationalization of a North American defence industrial base will likely conform to the following scenario.

First, there will be a gradual movement out of the defence sector, particularly on part of those marginal firms that only entered the defence business to take advantage of the increased DND procurement activity and for which defence sales have always been a marginal aspect of their sales. The pressure to exit may be offset to some extent by the growth in the use of dual-use technologies, giving rise to new marketing opportunities for the businesses.

Second, while still searching out export markets firms that remain in defence sales will probably reduce still further the portion of their business activity devoted to defence.

Third, there will be an increase in strategic downsizing, merger and joint venture activities. We must try to reduce risks and offset unit cost increases. We have seen a great deal of evidence of this with major U.S. contractors already. Firms are selling off unprofitable divisions to concentrate on core expertise in particular systems or acquiring competitors' divisions to remove former competitors and emerge as centres of expertise.

Fourth, product lines will be re-evaluated in terms of the civilian and military mix. Extra efforts will be made to respond where possible to the new demands for innovative products.

Finally, there will be a renewed emphasis on technology based R and D.

In spite of the difficult international environment that lies in wait, the bottom line is that the Canadian defence industry has been successful to a significant degree because of its outward business approach.

On the government reactions, the Canadian defence industrial base plays an important role in meeting the peacetime and wartime requirements of the Canadian forces. As such, we ignore the health of Canadian industry at our peril. The role of the government in management of change in the industrial base falls into three categories. First is the maintenance of a suitable trade environment for Canadian industry. Second is to select support through established programs or specialized assistance where warranted for critical operational requirements. Third is enhancing the Canada-U.S. material co-operation.

• (1605)

In giving the House a brief overview of how the department is responding to current challenges I need to stress two factors. First, DND's resources are finite. It cannot simply throw money at the problems faced by industry, as the essence of its corporate problem is a significantly reduced fiscal framework in which to

operate. Second, the fact that much of Canadian industry is focused on sales abroad, to the U.S. in particular, presents DND and the government with a unique policy challenge. A substantial degree of vitality of Canadian industry and its ability to support our operational needs is strongly influenced by developments in the U.S. Our industrial base planning must take this unusual situation into account.

DND must smoothly integrate factors and government program initiatives such as development of dual-use technologies and demonstration of a peace dividend, defence industry conversion and development of export markets and the like into its procurement processes.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I would like to let you know that I will share my time with my colleague from Terrebonne, who will join the debate in a moment. I understand that I will have ten minutes to make my point.

To start with, I will say that this morning, when I came back from Montreal, I turned on the parliamentary channel and watched the debate on the motion before us now. I was surprised to see that my Reform and Liberal friends were questioning the legitimacy of the motion we moved in this House today.

Some were claiming that the leader of the Bloc Québécois was going to be the premier of Quebec, others, that my colleague from Charlesbourg was basically guilty of insurgency. I could not help but remember why I was elected to Ottawa. It should not be forgotten that Quebecers pay \$29 billion a year to Ottawa, and that in return they are entitled to services at an equivalent level.

With regard to today's debate, which in a sense is the history of the Canadian content requirement in defence spending, it should be noted that for decades Quebec has not been given its fair share by the defence department. For the past ten years, the shortfall has been \$600 million a year.

I believe that as elected members from Quebec we have every right to move such a motion, which is perfectly legitimate, to boot. I had a look at statistics. We know that for a long time now the Saint-Jean area—and the Montreal area for that matter since Saint-Jean is part of the Montreal region—has been the victim of this kind of shortfall, which translates in terms of job loss.

I have the statistics right here. From 1990 to 1994, we lost 7,800 jobs out of a total of 13,900. I believe that in the current difficult context, these jobs would be very valuable.

In my own riding, we too are victims. I do not wish to belabour the point, but I will remind the Liberal Party of the terrible blow it dealt Saint-Jean when it closed the royal military college. This represents a \$32 million loss for our economy every year. Believe it or not, this college was the most efficient, which means that it was less expensive to train officer cadets in Saint-Jean than in Kingston or Royal Roads.

In spite of that, the Liberal government decided to close the Collège militaire royal de Saint-Jean. Thirty-two million dollars; it was the most efficient and the most bilingual military college.

We all know that the Canadian Parliament often boasts of its ideology and its policy on bilingualism. Pierre Elliott Trudeau himself, not the greatest advocate of Quebec I must admit, came in person to Saint-Jean and said that the college was the greatest proof that bilingualism could succeed. Nonetheless, in its last budget, the liberal party closed the Collège militaire royal de Saint-Jean.

Another inequity I would like to point out today is directly related to the debate and the issue at hand; I am talking about Oerlikon.

• (1610)

The Oerlikon case is another example of inequity towards Quebec and Saint-Jean. We all remember that the minister announced, August 16, that he was planning to award a two billion dollar contract to General Motors for the manufacture of armoured personnel carriers. At the time—I remember it well—the minister explained that the situation in London, Ontario was urgent. He said that they were almost out of contracts in London and that, since it was the centre of expertise for armoured vehicles, he had to award the contract to GM without any call for tenders. Why did the minister say that? Because it was also a centre of expertise. He said that no other plant in Canada could build better armoured vehicles than GM in Ontario.

Once again, the minister and the Liberal Party were forgetting Quebec.

The hon. member just mentioned the case of Oerlikon, and I hope he is listening to me in the lobby. The Oerlikon situation is clearly unfair in this regard, since out of the \$2 billion contract for armoured personnel carriers about \$500 to \$600 million will be used for the gun turret. It happens that Oerlikon Canada is the centre of expertise for turrets in Canada.

Of course, General Motors said: “Listen, you are giving us a whole contract and you must understand that we have affiliates”. Among others, there is one in Santa Barbara, called Delco, which is specialized in gun turrets. Therefore, GM seems to be saying: “You give us the \$2 billion contract and we will subcontract to whoever we want”. And as good capitalists and good business people, they give the subcontract to Delco of Santa Barbara, California. So you can see the impact of the department’s decision on the Canadian content and on Quebec which, once again, is being excluded.

Supply

Canadian taxpayers are going to pay a \$2 billion bill and almost half the money will be used to create jobs in the U.S., in Santa Barbara, California. I think this goes against the Liberal program, which we all read so carefully during the election campaign and which said in English: “Jobs, jobs, jobs” and in French: “Emplois, emplois, emplois”.

At the first opportunity it had, the government cut the jobs and sent them to California, saying to Canadian workers: “You pay your taxes to Ottawa and as for you, Quebecers, send \$29 billion to Ottawa and you will get \$600 million less”.

We have here an opportunity to compensate for this shortfall for one year, since the contract is worth some \$500 million to \$600 million, but the Liberal Party is missing this opportunity. I find this totally deplorable because it shows a double standard.

If we recognize GM in London, Ontario, as a centre of expertise for armoured vehicles, why do we not also recognize Oerlikon as the Canadian centre of expertise on turrets? We find this hard to explain. As a buyer, the government should use all the means at its disposal and ask General Motors in Ontario to have the turrets made by Oerlikon in Saint-Jean, the Canadian centre of expertise on turrets.

Lobby groups are at work. A number of people are trying to convince the federal government that my arguments are valid, but the government is not budging. Even the Bloc Québécois has raised several questions on this issue, but all the minister can say is, “Submit your bids to GM and I might be able to talk to them, perhaps we will see if your bid is the best”.

The federal government could even use this as an excuse to back out, because Oerlikon executives claim that they have sufficient expertise to carry out the contract for less than Delco in Santa Barbara. Although this would save Canadian taxpayers money, the minister continues to turn a deaf ear. I find this totally unacceptable.

If at least the minister said, “Look, Canadian content requirements have been reduced; they are no longer mandatory. So let us award the armoured personnel carrier contract to General Motors in London and call for bids on the turret contract in a way that is open and fair to everyone”.

• (1615)

Even then, Oerlikon claims that it could do better than Delco any day. I visited the plant, and it is true that asking them to make turrets for armoured vehicles is like asking a Ferrari plant to build Volkswagens. They are perfectly capable of performing the task. They are already producing Ferraris. The Ferrari of turrets is produced in Saint-Jean.

Supply

Now they want the Volkswagen turret to equip the new armoured vehicles to be sent elsewhere claiming that General Motors was awarded the whole contract and that nothing more can be done because they do not want to interfere too much. They say: "Delco also makes them. Why meddle in this business. We just want to give the contract to GM and have nothing else to do with it". It think that this is utterly unfair to the Saint-Jean area and for Quebec as a whole.

Oerlikon has been lobbying extensively in the past little while. In fact, I think that the company's president is here, in Ottawa, today in a further attempt to make the government see reason. I also think that those involved were quite forceful, because perseverance has not got us anywhere so far. There are people who try, day in and day out, to get across to the department that the arguments I just mentioned are valid. Unfortunately, the federal government is apparently doomed because, any time it contemplates giving something to Quebec, it takes longer to make a decision than it normally does for any other part of Canada.

It certainly did not take the minister very long to decide to award the contract to GM. In no time flat, he decided: "I must help GM. It is a centre of excellence and short of contracts." As far as Saint-Jean and Quebec are concerned, that is another story.

That is why I take this opportunity today to try to show, once again, that this is unfair and that it is not too late to make it right. I ask the Liberal government and all my government colleagues to impress on the minister responsible that Canadian taxpayers, and indirectly, Quebec taxpayers, stand to save money. The minister should take his responsibilities and give Oerlikon the same consideration he gave GM when awarding GM the contract. We are dealing with two centres of expertise and potential savings to the taxpayers.

[*English*]

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I congratulate my colleague on his remarks which I listened to with great interest.

I want him to know I have quite a bit of sympathy for his comments on the closing of Collège Saint-Jean. It is indeed a beautiful military college with a great history and tradition. I want to remind him that the government in closing Saint-Jean also closed Royal Roads in British Columbia. A lot of my family live in Victoria and I know Royal Roads very well. It was a very fine military college with a great tradition.

All Canadians feel pain when cost cutting affects jobs and the people of our regions. I sympathize with the Bloc member and all Bloc members when they bring that kind of position forward in the House. However I would submit to my hon. colleague that the government did approach this matter, certainly in the closing

of the colleges over which it did have control, with great equality of spirit.

Is the hon. member familiar with Royal Roads? Can he speak with the same passion about this college near Victoria as he does with Collège Saint-Jean? Does he not agree that however unfortunate it was to close Collège Saint-Jean and Royal Roads given that we had more college space than we needed in these cost cutting times, the government really acted very responsibly and with a sense of fairness?

[*Translation*]

Mr. Bachand: Mr. Speaker, I thank the hon. member for giving me an opportunity to elaborate, particularly on the issue of unfairness. There is unfairness at two levels. The first level is rather ideological in nature and has to do with culture and language. Saint-Jean was the main route for young francophones interested in becoming officers in the Canadian forces.

• (1620)

Closing the military college in Saint-Jean—and we have news from Kingston today—will have an impact on the number of young francophones in the Canadian forces. If I had more time, I would give you figures which show that, already, this decision has had such an impact.

But I want to go back to the financial issue raised by the hon. member. It is true that Royal Roads was also closed. But, again, there is an injustice related to the compensation given to the two military colleges. Saint-Jean, which had an annual budget of \$39 million, was given \$5 million for each of the next five years. Royal Roads, which had an annual budget of \$19 million, was given the same compensation.

So, Royal Roads, a college half the size, with half the budget and half the number of officer cadets, gets the same compensation as Saint-Jean. Not only is it unfair to close the military college in Saint-Jean because it is the main route for francophones interested in becoming officers in the Canadian forces, but there is also an economic injustice in that the compensation of \$5 million per year given by the federal government is the same for both institutions, even though one had an operating budget twice the size of the other. Saint-Jean should have received \$10 million per year, considering the size of the two institutions.

The Acting Speaker (Mr. Kilger): Resuming debate, with the second half of the twenty minutes allocated now being shared with the hon. member for Terrebonne.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, I wish to make the House aware of the importance the Bloc Québécois attaches to defence conversion. This is the main reason why we selected it for our opposition day. It is important in Quebec and it is important in my region. I should point out that I have SNC Technologies in my riding, a munitions plant,

and its employees are extremely worried about federal government inaction on defence conversion.

Before addressing the matter we are looking at today directly, I would like to take this opportunity to denounce the Canadian Armed Forces' lack of respect for francophones in its ranks. Last February 22, the Office of the Commissioner for Official Languages followed up on numerous complaints about the lack of compliance with the Official Languages Act in the Canadian Armed Forces. Its letter stated that there would be an investigation to compare the situation of francophones in Moose Jaw and that of anglophones at Bagotville. The report was to be submitted within a few weeks of the February letter. Nearly a year later, the report is still secret, despite the Access to Information Act, probably because the conclusions do not put the government in a very good light.

All we are asking is for the investigation to be made public, first of all, and then for them to comply with their own legislation. Now, back to the key point of this debate, defence conversion; this must be looked at on a world scale, but also in terms of Quebec, primarily the Montreal area, and Canada. The situation is not a very comfortable one. With the end of the cold war, defence industries everywhere in the world are in a crisis situation. The market, estimated to be in excess of \$450 billion, dropped 10 per cent between 1987 and 1994. This slump is far from over; according to international experts, there might be another drop of some 25 per cent within the next few years, which is why it is important to have an eye to the future in this sector.

The result of this crisis in the industry has been major job losses world wide. For example, 700,000 jobs have been lost in the USA, and 600,000 in Europe. In Quebec and in Canada we are far from being protected from the inroads being made upon the defence industry world wide. In Quebec alone, sales figures in the defence sector dropped 48 per cent between 1987 and 1992. During that same period, lower defence sales resulted in the disappearance of 11,000 of the 57,000 jobs directly linked to defence.

As I have already stated, there is a company close to my riding whose 500 employees are worried at the lack of action. Considering the situation in the defence industry, there are two other points that must be taken into consideration.

• (1625)

First, we must remember that jobs lost in the defence industry are jobs in a sector with a very high concentration of advanced technology. The jobs that disappear are high calibre, lucrative positions. In fact, salaries paid in the aerospace industry, which plays a major role in the defence industry, are on average 24 per cent higher than the average salary in Canadian industry. Twenty-four per cent is a lot.

Supply

Second, we must consider the fact that these changes in the defence sector are particularly hard on Quebec, where a major part of Canada's defence industry is located. This is not partisan politics. This is the truth. Because of the way the industry is distributed within the province, these changes come down hard on the Montreal region which is the driving force of Quebec's economy.

In other words, a lack of federal programs to help the defence industry weather this crisis will be particularly damaging for Quebec and weaken the ability of Quebecers to make advanced technology one of the strengths of their economy.

I am referring here to sectors like telecommunications and the aerospace industry, where we have to do everything we can to promote development and provide a solid basis for competitive growth in the long term. If we want to build this solid basis for the future, it is important to help the defence industry negotiate the rough spots it is experiencing today. This can be done partly by helping the industry adjust to changing conditions, something the government has failed to do.

For instance, we could provide incentives for defence producers to develop non military applications of their products.

Since the defence industry uses advanced technology, which benefits the economy as a whole, it would make sense for the government to have programs that provide incentives for defence conversion, which is already the case in other countries.

In the United States, the Clinton plan provides between 4 and 6 billion dollars worth of funding for defence conversion. In Europe, largely thanks to the KONVER program, hundreds of millions of dollars are invested for this purpose.

And then there is Canada. Does this country have a program similar to the European and American programs that focus on defence conversion? Unfortunately, it does not.

The only program that comes close is DIPP, which has been around for several years, and it certainly does not focus exclusively on defence conversion.

Its purpose is also to support companies that work in the defence industry, especially in aerospace and avionics, and to facilitate and consolidate R&D activities in these companies. It also focuses on setting up networks of suppliers of derivatives and components for these sectors and promoting investment and exports in manufacturing sectors with a high added value.

The purpose of the program is to help defence industries remain competitive on world and Canadian markets. It provides companies in the defence sector with incentives to continue their activities. It is only in recent years that part—and it must be remembered that it is only a small part—of the budget for this program has been allocated to promoting defence conversion.

Supply

Here, we could perhaps point out that expenditures under the DIPP program have a major economic impact. Every dollar spent under the program is estimated to produce more than \$40 worth of economic benefits. We must not forget that, through its strong participation and dynamic role in the defence industry, Quebec enjoys a significant amount of these benefits.

This, therefore, is the only federal program with a goal of defence conversion, even though it may be both limited and inadequate. While the program does not entirely serve the needs of conversion, it could at least serve as a basis for the work needed in this area. It is simply a basis requiring constant work, but at least it is something. Even the Liberals promised to face the challenge of defence conversion in their famous red book. They have forgotten in the meantime, as everyone will agree.

They acknowledged, and I quote: “Defence industries today employ directly and indirectly over 100,000 Canadians. The end of the Cold War puts at risk tens of thousands of high-tech jobs”. They promised in the red book, and I quote once again: “A Liberal government will introduce a defence conversion program to help industries in transition from high-tech military production to high-tech civilian production”.

• (1630)

This then was a promise to build on the existing program to help the sector through its difficult times. Where is it at today? Forgotten, gone, like most of the other promises the other party made.

Looking at the record to date, we see that the benefits derived from the defence industry are substantial for Quebecers and Canadians, but that the industry is facing a serious crisis. Some adjustments must be made. Conversion of a significant portion of the defence industry to civilian production would help us keep and develop high calibre jobs. Other countries have taken on this challenge, as I mentioned earlier.

In Canada however the federal government has not, truth be known, managed to respond coherently to the problem, despite empty promises—something that does not surprise us. The only reaction to the crisis in the defence industry up to now has been a few adjustments to an existing program and cuts to it, on top of everything else. And yet, the Liberals had promised much more to help the industry survive this crisis.

Despite the logic of providing more active support for defence conversion, the Liberal government has not kept its promises. The DIPP budget is in free fall. It reached its peak in 1989–90 at over \$300 million. In 1994–95, the figure was less than \$144 million. New cuts are expected for 1995–96. The DIPP will then

amount to only \$102 million, a 66 per cent reduction over six years, at a time when business is facing a serious crisis.

These cuts will only continue, and the 1997–98 budget should drop to only \$24 million. In fact, the program no longer accepts any new projects, and the government is honouring only the commitments it has already undertaken. This is a funny way for the government to keep its promise to facilitate defence conversion, do you not agree?

At a time when the industry needs it more than ever, the government is drastically reducing its participation. Its budget cuts are placing an enormous burden on Quebec. While Quebec businesses received \$168 million in 1989–90, this amount dropped to \$80 million in 1992–93. This is quite disturbing for the people who work in this sector in Quebec and in the Montreal region.

In conclusion, I think that so far the federal Liberal government has behaved inappropriately and irresponsibly by promising assistance while at the same time cutting back on the defence conversion program. This is a Machiavellian way of looking at things and avoiding the problems by shoving them aside to make them disappear. The time has come to initiate an honest program to face the real, global crisis everyone recognizes. The government must act now.

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, I have a question for the hon. member who just spoke. He talked about the cold war and the many jobs available during the cold war. He seemed saddened by the fact that those jobs have disappeared now that the cold war has come to an end. I would like to ask him if the economic solution, according to the Bloc, is to go on with cold, hot and lukewarm wars and to have jobs that support wars and conflicts around the world.

Does he really believe that the key to a prosperous economy is to perpetuate conflicts throughout the world and base our economic future on arms sales?

Mr. Sauvageau: Mr. Speaker, I feel like laughing. Where I come from, we say of a nice action or activity that it is a good show. I would say to the hon. member across the way that she is missing a good show. She has missed good, coherent speeches.

• (1635)

Most of all, I would like to remind her of her party’s promises. You said, my dear colleague, “The defence industries today employ directly and indirectly over 100,000 Canadians”. You wrote, “The end of the Cold War—

The Acting Speaker (Mr. Kilger): Order. I simply wish to remind members that they should address their comments to the Chair.

Mr. Sauvageau: I apologize, Mr. Speaker.

The Liberal Party wrote, “The end of the Cold War puts at risk tens of thousands of high-tech jobs”. This does not come from us but from the red book. I say through you that I hope the hon. member agrees. The Liberal Party also wrote that it would “introduce a defence conversion program to help industries in

transition from high-tech military production to high-tech civilian production”.

The purpose of the Bloc Québécois' opposition motion is simply to remind the Liberal Party of its red book promises. We have never, ever said that we wanted other conflicts. This is totally unrealistic and does not make any sense.

Mr. Bernier (Mégantic—Compton—Stanstead): Ridiculous.

Mr. Sauvageau: We heard the word “ridiculous”.

But it is important to recognize that other countries are putting in place defence conversion policies while Canada is cutting conversion budgets.

I think this is a serious problem. We must stop treating this matter lightly and start asking serious questions.

[*English*]

Ms. Marlene Catterall (Ottawa West, Lib.): Mr. Speaker, it is with great pleasure that I enlighten the colleague who has just spoken on this issue to what has been occurring in the industry of which the motion speaks. He and his colleagues certainly seem not to be as familiar with the industry as I would have expected them to be.

It is somewhat suitable that we are having this debate the day after Canadian astronaut Chris Hadfield returned from a very successful aerospace mission. It is also interesting to note that RADARSAT was launched very recently. I seem to recall that the city of Montreal was somehow involved in the launching of RADARSAT into space. One of the things members opposite might do is to watch events in Montreal and to be a little more familiar with the ways in which Montreal companies and other companies in Quebec are participating in this very prosperous industry.

Quite simply, the Bloc Québécois has it wrong. The hon. member for Charlesbourg who proposed this motion would have this House believe there is no conversion of the military industry to civilian production and that the Montreal companies in the aerospace industry are facing hard times as a result. Perhaps he and his colleagues were not listening when this House debated defence conversion on May 5, 1994. Perhaps they did not participate in the debate or perhaps the Bloc Québécois simply wants to stir up the pot, any pot. Let me give the member some of the facts.

First, the Canadian aerospace industry is already well on the road to converting from military to civilian applications.

Supply

[*Translation*]

Montreal companies have been in the forefront of this trend and provide excellent examples of firms that have managed to win a niche in the international aerospace industry while at the same time remaining competitive.

Here are statistics that are well known in the Montreal aerospace sector.

In the 1980s, 70 per cent of the sales of the aerospace and defence industry were for military use, and 30 per cent for commercial use.

● (1640)

Today, the mix is reversed, with sales of military equipment down to 30 per cent while sales of commercial products have gone up to 70 per cent. And the commercial component keeps growing. Soon the civilian, commercial component will account for 80 per cent of Canada's defence and aerospace sales.

If the hon. member took a closer look at the Montreal industry, he would realize that these statistics reflect the reality and see how Montreal aerospace firms run the entire range of commercial aerospace design and manufacture.

Is the hon. member interested in final assembly of aircraft? He should look at Bombardier and Canadair. They specialize in commuter aircraft. Perhaps the hon. members across the way should think about that before they raise the issue of defence industry orientation.

Does the hon. member want examples of Montreal firms that design and manufacture helicopters? There is Bell Helicopter Textron.

Landing gears? Héroux Inc. Does he want to know more about world class aircraft engine designers and manufacturers? He need only remember that Canada is a world leader in the manufacturing of small commercial turbo fan engines. One of the leading manufacturers is, of course, Pratt and Whitney. Most of the company's R&D is on advanced materials, which can be used for any number of commercial purposes.

For avionics systems, the hon. member need only think of Canadian Marconi.

Finally, if the hon. member for Charlesbourg and the other hon. members who have taken part in the debate today want information about flight simulators, they should talk to CAE Electronics Ltd. They will learn that not only are this company's simulators used for commercial as well as military aviation, but CAE has begun drawing on its flight simulator technology to enter into the health field.

These Montreal-area companies are world renowned for the quality of their design. They have built a solid reputation in serving particular niches in commercial aerospace.

*Supply**[English]*

I certainly hope members opposite are listening. The Montreal industry has prospered because it is part of a broader Canadian aerospace sector.

Once again, let the hon. member look at the facts about the aerospace industry in Canada. We have the sixth largest aerospace industry in the world. In 1994 aerospace sales were \$9.6 billion and the industry employed 53,000 people. The Aerospace Industry Association of Canada estimates that the sector will add more than \$8 billion to Canada's GDP from exports in the coming year. The aerospace sector continues to be the one high tech industry where Canada maintains a consistent trade surplus, which was \$2.5 billion last year. Let us go back one more year where more detailed statistics are available.

• (1645)

In 1993 total Canadian sales of aircraft components and related products and services were \$7 billion, of which almost \$5 billion were exports. Quebec firms accounted for over \$4 billion of the \$7 billion worth of sales, representing 60 per cent of the total sales of the Canadian aerospace industry.

Almost 200 aeronautics firms with approximately 25,000 people are located in Quebec. The companies and the employees clearly have a major interest in the continuing success of the aerospace industry.

What are the keys to success? How did we reach the position where Canada is a world leader in aerospace? There are many reasons. I am sure hon. members across the floor would be happy to list some of them. The skills of our workforce across the country including Montreal, the quality of our educational institutions and the high standard of living that attracts people from around the world are characteristics of the industry and of the country.

[Translation]

But one of the most important reasons for the success of the aerospace industry in Montreal is one that Bloc members will never mention or recognize, even though they must realize that it is the truth. They will have to agree that one of the major reasons why the Montreal aerospace industry has become a world leader in the commercial aerospace sector is the benefits of a strong and united Canada.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, I wish to thank the hon. member for Ottawa West for being so enthusiastic in showing how dynamic Quebec aerospace industries are, and for being so accurate in reading the directory of aerospace industries located in the Montreal region. I do not think the hon. member missed a lot of them, her inventory is excellent.

However, I want to ask her two very simple questions. There is a federal defence conversion program called DIPP. I would

like to know the budget of that program and whether the Liberal government intends to increase or reduce that budget in the coming years.

Ms. Catterall: Mr. Speaker, I am sure that the hon. member will realize that I am not the Minister of Industry, that I am not his parliamentary secretary, and that I am not a member of the standing committee on industry. Consequently, I do not have the budget figures in my head. However, I can reassure the hon. member. I mentioned the case of CAE Electronics, in Montreal. The member may not be aware that this company recently received \$5 million from the federal government for a project.

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I want to make a comment and a clarification to the deputy whip. I have some figures regarding the so-called vitality of aerospace industries in the Montreal region. I will simply tell the hon. member that, from 1990 to 1994, 7,391 direct jobs were lost in 30 companies, including 6,684 in the following eight companies alone: Paramax, Expro, Marconi, MIL Davie, Vickers, SNC, Pratt & Whitney, and Bendix. Again 6,684 jobs were lost in these eight companies over a four-year period.

The aerospace industry is in fact experiencing a definite decline. The 7,000 people who lost their jobs are certainly not proud of the alleged vitality of that industry.

• (1650)

I would also add that, if these companies have somehow managed to expand and gain an international reputation, it is not thanks to federalism but, rather, in spite of it.

Ms. Catterall: Mr. Speaker, I would like to point out to my colleague across the way that it is Canada which has a good name worldwide in the aerospace industry, not the province of Quebec. I might point out to him as well, perhaps, that about half of the jobs in the aerospace industry are in the province of Quebec, and that 60 per cent of aerospace industry sales are in Quebec.

If he were properly acquainted with the industry, he would know very well that it has always responded to change, frequently and rapidly and has always had its ups and downs. In general, the industry has continued to improve, to grow, to step up its sales everywhere in the world, and Quebec has played a very important role in this success.

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, the member for Ottawa West has been accusing us for a while now of not knowing our own program, of not being familiar with the issues. We are not, however, speaking only of the aerospace industry, but rather of defence conversion in our opposition motion. A while ago, I asked a question about DIPP budgets and she replied—this is not really an accusation—that she did not have all the figures.

I would simply remind her though you that the budget has been cut 66 per cent over the past two years, a two thirds reduction. Moreover, the plan is to bring it down from \$220 million to \$24 million for 1997-98. So, I am reminding her of the figures. At the same time, the program set out in the Liberal red book indicated that investments in defence conversion would be a priority.

Mr. Speaker, does the member not see a dichotomy between the reality of short-term abolition of DIPP and the red book promise to invest in defence conversion? I am not speaking of Montreal aerospace companies, but of a defence conversion program in conjunction with a promise about the defence industry and a reality.

Ms. Catterall: Mr. Speaker, I believe that it is precisely because of the change in the world context, referred to by my colleague previously, that programs must be changed. DIPP was a program for the defence industry and is perhaps not appropriate in the current context.

We have taken some very significant steps to improve the situation, particularly in the very important small and medium size industries, promoting world trade, which is very important for this sector of the industry; another very important thing we are doing is promoting specific programs for small and medium businesses. I think that the fact that a program has existed in the past does not necessarily mean it is the program for the future, and in this case DIPP was useful in the past when military sales were more substantial than they are today.

• (1655)

The Acting Speaker (Mr. Kilger): Before debate resumes, pursuant to Standing Order 38, it is my duty to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Okanagan—Similkameen—Merritt—Department of National Defence; the hon. member for Rosedale—Cuba; the hon. member for Davenport—nuclear weapons; the hon. member for The Battlefords—Meadow Lake—Canadian Wheat Board.

[*English*]

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, I have great difficulty accepting the proposition that the province of Quebec has suffered a disproportionately low share of defence spending over the years. I would aver that the greatest threat to the Montreal aerospace industry is the unstable economic climate that has resulted from the group of politicians who are trying to take their province out of the Canadian federation.

Canada's aerospace industry, for example Bombardier of Montreal and Bell Helicopter of Mirabel, has graduated from being a one-product firm or branch plant to becoming full fledged industry players capable of manufacturing a full range of aircraft.

Supply

This growth has placed even greater pressure on federal research and development support and new aerospace project start ups cost hundreds of millions of dollars. This may not be a large amount of money by global aerospace industry standards which are heavily subsidized, but the Canadian government has heavy debt and heavy deficits and there are insufficient funds to go around.

As for Quebec, in the 1960s the Pearson Liberal government moved the Air Canada overhaul base from Winnipeg to Montreal for political reasons. Later the Progressive Conservative government gave the F-18 maintenance contract to Montreal for political reasons, despite the fact that Bristol Aerospace of Winnipeg had submitted the lowest bid and the best bid.

Regional balancing efforts are still apparent and even now industry rivals are positioning themselves for the best shot to bid for the new helicopters. In the human resources minister's riding, the consortium of Westland Group PLC and Agusta SPA is trying to sign up Bristol Aerospace's Winnipeg operation.

When proposals were placed before the Liberal cabinet to purchase the much needed helicopters, submarines and armoured vehicles, they were stalled when regional pressures came into play. The government must realize by now that it made a mistake in cancelling the EH-101 contract. It is now trying to do a balancing act to work out communications plans to announce which province will get what specific work from contracts for military hardware.

For example, the armoured personnel carrier contract going to General Motors of London, Ontario, has been balanced with the Montreal workshop being given the contract to refurbish the M-113 armoured personnel carriers, even though the whole contract might better have gone to New Brunswick. This is regional pork barrelling and represents the essence of old style politics. However, poor political decisions and poor planning must be corrected and the armoured personnel carrier purchase starts in this direction.

Canadian soldiers have for too long been placed at risk because of inadequate equipment. Our well trained, combat capable and highly respected peacekeepers have been sent to war zones outfitted with decades old equipment, some dating from the second world war.

Morale is affected because the troops feel abandoned by their senior leadership who seem to be more interested in pleasing their political masters than taking care of their troops. Defence budgets have been poorly managed. There has been gross waste at the top and a growing rift between the frontline troops and those behind desks at national defence headquarters.

That buck stops here in Parliament with government. Political decisions will re-equip our army with modern armoured vehicles, mine clearing equipment and provide enough helmets, socks or flak jackets to outfit all our soldiers. These equipment shortages point directly at this government and previous

Supply

governments that have carried on their defence commitments without spending the money to pay for them.

For example, our troops in the former Yugoslavia have had to leave behind helmets and other basic equipment so new replacement rotations would have these necessary tools. Our defence minister has said:

We will commit forces to such operations if suitable resources are available, and if our personnel can be appropriately armed and properly trained to carry out the task and make a significant contribution to the success of the mission.

- (1700)

Suitable resources have not been made available to protect the lives of Canadians and personnel have not been adequately armed. If Canada remains unwilling to commit the necessary resources in a timely fashion to protect and provide the needed resources for Canadian forces soldiers, we will be forced to rely on the heavy weapons of other countries or step back and let nations willing to spend the money to equip their troops do the job.

If the government plans to deploy a larger force on multilateral peacekeeping missions, our men and women will find themselves short of everything from modern night vision gear to anti-armour weapons, heavy machineguns and updated communications equipment.

The procurements of new equipment such as the helicopters, armoured vehicles and submarines are vital replacements for aging equipment, not new capabilities. They meet only the minimum requirements to enable Canada to maintain a semblance of controlling its destiny.

Canada is bound by law and treaty to provide domestic security, collective defence and participation in multilateral peacekeeping operations. Each role requires its own capabilities. If the Canadian forces are to do the tasks requested of them, they must have the necessary tools to perform those tasks.

Government has belatedly addressed the need for new and refurbished armoured vehicles and it seems there is enough money in the defence budget for submarines to replace the navy's aging Oberon class vessels, but cabinet is again dragging its feet, while affordable options available now could be lost. These replacement submarines could be picked up second hand from Britain at a bargain price, but the window of opportunity is closing quickly.

Over many years the Canadian navy has developed substantial experience in submarine and anti-submarine operations. Although the cold war may have ended, there are still over 700 submarines in service with more than 40 nations around the world and others are under construction. Submarines have

become the weapon of choice for many small nations with limited defence budgets. It would seem shortsighted for Canada's defence forces to forgo the opportunity to retain and profit from their submarine expertise. Canada's three Oberon class patrol submarines, procured in the 1960s, are now reaching the end of their operational life, having become increasingly restricted and expensive to operate. Thus, Canada must now choose whether to retain or give up our submarine capability.

The Liberal government's cancellation of the 43 EH-101 shipborne and search and rescue helicopters because they were too costly means that it will be necessary to buy aircraft off the shelf in Europe or the United States. That means the government has sacrificed benefits to the Canadian economy the EH-101 would have created. The CH-133 Labradors, which have been in service since 1963, will finally be replaced with up to 15 new helicopters, type and capabilities unknown.

I have great difficulty accepting the government's placing a bid for up to 15 helicopters. How many do we need? Do we need 10? Do we need 12? Do we need 14? Or do we need 15? If we are setting a dollar figure and saying we will buy as many as that figure will buy, that does not seem to be the way to do the job. We either need 15 helicopters or 14 or whatever the number is, and that is what we should bid for.

Government tenders will be issued early next year for bids on the new helicopters. The new fleet is to commence operations by December 1998, with all replacement helicopters in service by October 2001.

Without question, the government has had to reduce the capabilities of the replacement helicopters by at least 15 per cent to save on costs. These helicopters are to be used to save lives in emergency situations and under predictably severe conditions. I do not think the people who are on the receiving end of life saving efforts will appreciate that they are being served by a less than fully capable helicopter. By fully capably I mean all weather, icing and night capabilities.

Canada is still left without a shipborne helicopter capability to replace the troubled aging Sea Kings. In the 1970s DND began a long term plan to replace Sea Kings, which at that time had been in service for 15 years. It was understood that the Sea Kings would be kept in service until the 1990s. Finally, in 1986 Treasury Board gave approval to clear the way for industry to submit proposals on a replacement helicopter.

- (1705)

Aérospatiale of France and European Helicopter Industries, EHI, both submitted proposals. In August 1987 the EH-101 was chosen. In 1988 that contract was awarded.

The Sea King replacement package will be very nearly as expensive as the EH-101 would have been, but without any Canadian industrial participation and benefits to regions across Canada.

The government is well into its mandate and is attempting to put together a package that will look good to the public. It is announcing equipment purchases in bits and pieces to hide the real costs involved, talking of leasing and staggering new purchases in such a way as to camouflage the real costs.

The cost of cancelling the EH-101 may be as much as \$680 million when termination penalties, sunk costs on the program and the acquisition costs are considered. In fact others have estimated that the EH-101 cancellation costs will approach \$1 billion.

British government auditors will review and certify claims for compensation submitted by EH Industries to the Canadian government. This would not be subject to negotiation, but behind the scenes EH Industries could receive favoured status in the new helicopter bidding in exchange for reduced compensation for the cancelled contract.

The government had already paid \$336 million toward the EH-101 prior to its cancellation. The 1994 main estimates set aside a further \$250 million for settlement payments. Thus, if these earmarked funds are spent the taxpayers will have paid \$586 million without acquiring a single helicopter. This does not take into account the loss of work in high tech jobs, the direct and indirect compensation for Canadian industry, nor the military, which was left dealing with the many problems associated with our aging Sea Kings and Labradors.

Cancellation of this contract has left the frigates and the Tribal class destroyers lacking the capabilities of a new shipborne helicopter.

The government promised in the defence white paper that it would immediately begin to identify options and plans to put into service a new, affordable replacement shipborne helicopter by the end of the decade.

The price tag attached to the EH-101 purchase included approximately \$1.6 billion to \$2 billion for the training of air crew, maintenance, spare parts, operating expenses and administration. It was an all-inclusive cost program, unlike any that had been run before it, to my knowledge.

The 1992-93 fixed cost for the EH-101 program was \$4.4 billion, but a figure frequently used by the media and by the Liberal government was \$5.8 billion, which was the inflation adjusted projected cost for the end of the program and not a true reflection of the actual costs.

The EH-101 program was spread over 13 years and its life expectancy was 30 to 40 years. Many alternative off the shelf

Supply

aircraft have only light icing capability, while the EH-101 was a true all weather aircraft.

One of the key factors that led DND to select the EH-101 was that it could replace both the Sea King and the Labrador, keeping the costs of the new shipborne aircraft as low as possible. Replacing both the Sea King and the Labrador with one aircraft gave Canada the opportunity to lower the production and long term maintenance costs. One aircraft means lower production costs per airframe, one spares chain, a single maintenance schedule and a single pilot training program. Government has basically thrown the baby out with the bath water because of ill-informed politically based election strategy.

Now it is all smoke and mirrors. Contracts and announcements are dragged out while the Canadian forces wait on their political masters to determine their fate. Time is being frittered away. Government must move ahead immediately, either to replace aging equipment or reduce overseas commitments and obligations.

Notwithstanding the foregoing, we believe that in defence spending, as in other spending, the *raison d'être* should be the best equipment at the best price. That means that we do not get into the defence department supporting regional development. We buy defence equipment based on defence needs and defence dollars are spent on defence. Once we get into trying to prop up an area or balance that prop with another prop elsewhere, the defence department carries disproportionate costs, which do not accurately reflect the money that is to be spent on the defence budget.

• (1710)

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, today as I look at the motion before the House, in particular at the last lines of it, I am amazed by its wording. The motion ends up saying "thus endangering the Canadian aerospace industry located in Montreal".

What is being said there actually is that we cannot compete with other people around the world. That is wrong. We as Canadians have proven in the high tech field that we can compete around the world and in many areas we lead the world. I will not accept for one minute that the aerospace industry in Montreal or Boeing in Canada or any others cannot compete.

As we talk about the Department of National Defence's support for the Canadian defence industry, let us remember that a lot of things have been done jointly between the military and civilian companies to put success stories together. They have worked very co-operatively over the years.

Let us look at some examples from the past several years of Canadian defence company successes. The contracts awarded in the late 1970s and early 1980s to a Quebec firm, Bombardier, for jeeps and medium weight trucks are a good example. As we all know, under able leadership the company established itself as

Supply

world class while generating significant revenues and employment in Quebec.

National Defence has continued to contract with Bombardier-Canadair for the CF-18 systems engineering support. Canadair is now endeavouring to market a CF-18 support expertise abroad. The Department of National Defence is supporting these efforts by way of making available technical personnel to brief foreign defence officials on the Department of National Defence's maintenance and support regimes and how Canadair fits in.

People who leave the Canadian forces through retirement quite often go into other companies and take their expertise with them. This is just an extension of defence helping them out during the days of active service of a member of the forces.

More recently, the Department of National Defence provided similar assistance to a Kitchener-Waterloo firm, Diemaco, a manufacturer of small arms. The Department of National Defence was there to assist Diemaco in its marketing efforts with the Dutch. A defence materiel co-operation memorandum of understanding in place with the Netherlands facilitated our efforts and those of Diemaco.

Through our involvement in NATO, specifically in joint NATO projects and through the NATO industrial advisory group, the Department of National Defence in Canada has played a key role in identifying opportunities for Canadian firms and assisting them to participate in NATO projects in the development stage. Quebec aerospace firms in particular are very active. Among them are CAE, Canadian Marconi, Héroux, Oerlikon Aerospace, SNC and Bell Helicopter.

• (1715)

Examples of important contracts include: CAE simulators for NATO AWACS aircraft which enabled the company to become a major competitor for simulators on AWACS, airborne early warning and control systems type aircraft; Héroux landing gear for NATO AWACS aircraft which positioned it to compete for and win other 707 aircraft business; allied signal actuation systems for military air to air and shipborne missiles known as the NATO Sea Sparrow.

[*Translation*]

National Defence offered its support along with other defence departments in co-operation with other departments to Canadian defence contractors. The most recent example is of the firm Héroux Québec, which lost its bid for a contract to repair and maintain landing gear for the American air force.

Héroux had been doing the work satisfactorily for many years. However, when the contract came up for renewal, this

Canadian firm lost out to a bid made by USAF interests under rather dubious circumstances. Héroux appealed the awarding of the contract to American authorities. With the help of our officials here in Ottawa and in Washington, the Departments of Foreign Affairs and International Trade put considerable pressure on the American authorities and on the USAF. Héroux and its advisors also made very well supported appeals so that the work on the landing gear could continue.

[*English*]

We realize that if Canadian defence contractors are to survive, they cannot depend on Department of National Defence procurement alone. This is more true as the Canadian forces have been reduced in size. They must export or sell to commercial markets or both. National defence has provided assistance in the form of loans of equipment, material and personnel for demonstration purposes and the use of facilities to test and evaluate product enhancements or to demonstrate products. Generally speaking, this form of assistance has not placed overly significant demands on our resources.

We have however over the past three years devoted significant time and effort in organizing industry promotional events in conjunction with ship visits to foreign ports. Some 25 Canadian companies, including the Quebec firms, Loral Canada, formerly Paramax and UNYSIS Canada; CAE; Bell Helicopter; and Canadian Marconi have participated in ship visits by Canadian patrol frigates to ports in Asia, the Middle East, Europe, the United States and South America. CAE, a company which participated in every ship visit has told us that the ship visit to Korea led directly to a major contract in that country.

• (1720)

I have named but a few of the successful Canadian defence and defence related companies. These companies are located in virtually every region of the country. Canadian defence and defence related companies are successful by their own efforts. They build on their strengths and their reputations to produce competitive leading edge technologies. They aggressively market them throughout the world. They diversify into commercial or dual use markets and also aggressively pursue those markets.

Again it is Quebec aerospace and defence electronics companies like Héroux that recently won a major contract for commercial aircraft work. Canadian Marconi and Spar Aerospace are in the forefront of diversifying their operations and are going after increased exports and commercial work. Other progressive firms like Indal Technologies of Mississauga, Ontario are also building on their expertise and aggressively pursuing foreign markets, sonars for the royal navy, helicopter haul down systems for the U.S. and Japanese navies.

If I may go back to one of my original comments, Boeing Incorporated has branch companies in Arnprior, Ontario and Winnipeg, Manitoba. These companies have done well in Canada when they have been given a chance to bid openly on the market. However, during the latter years of the Conservative government they were not even given a chance to bid. They have since revolted against that type of attitude. Companies located here in Canada, whether they are branch companies or original Canadian companies, want a chance to bid on the open market for these contracts. It is a healthy situation for all of them.

I know that Boeing was very disgusted with the bidding process during the Conservative government years. We came to office with the promise that we were going to open up the system for bids. People were going to have an opportunity to play fair, to be able to bid on the open market, to make up their engineering designs and submit them and have them properly perused. A successful bidder would be picked with integrity and honesty. That is the route this government is taking.

As today's motion indicates, we are now opening up bids for helicopters. A lot has been said about the cancellation of the EH-101. Let us remember that particular contract had a bad beginning. That was one company which had been given favouritism and other companies in Canada did not have a chance to openly bid on that contract. Helicopters were built for search and rescue that were also built for on board ship helicopters. Those helicopters do not have to be the same. Because everything was built into both of them, the cost of those helicopters went through the roof. That was one of the key problems with it.

• (1725)

If the best deal is to buy a helicopter off the shelf and put the goods into it here, then that is the way we should go, providing everybody has the opportunity to buy those helicopters and to put the equipment in them. Any subcontracting that would be done would be open to Canadian companies. They would have a chance to put their expertise and their various engineering departments to work. They could sit down, draw their plans and present their best effort. Experts in the defence department along with other personnel would review these contracts and would decide which was the lowest bid and the best bid. We would be getting the best product for our money.

It is very important that these companies understand they have a fair place to bid in the Canadian nation. To come forward and insinuate in a motion to this House that a company located in Montreal or in any other part of Canada is not capable of competing responsibly does not give credit where credit is due to our companies.

Many professionals are retiring from our armed forces. They are going into these aerospace companies with their expertise

Supply

and years of experience having handled the equipment. They too will have new ideas. They will have an excellent idea as to what must be in that product if it is going to be the best for Canadian aerospace products.

Our Canadian forces will be smaller. Therefore it is very important that they have the best equipment in the years to come. I was rather surprised when a senior person in the forces said to me the other day that the new technologies the Canadian forces have makes it almost possible for a regiment to do today what it took a whole battalion to do a few years ago.

People who have worked over the years on aeroplanes, on shipborne helicopters and on search and rescue helicopters know what is needed in those desolate spots. They know what is needed when there are high windstorms. They know what is needed when facing great difficulties at sea. Those people are important to the companies. They know what is needed and what should be recommended.

The Department of National Defence with its expertise and others it can draw upon put all of that in the bids to begin with. There may be some very good suggestions thereafter on the part of those experts who work for the companies making bids. Suggestions are always welcome in the aerospace business as in any other business.

It is good to have a debate in the House today on the subject of the Minister of National Defence having made the announcement that we are now open for bids on search and rescue helicopters. That is not the route which the previous government would have taken.

We have told Canadians through the Minister of National Defence that search and rescue helicopters are now up for bid. Companies can bid on them. May the best company with the best product win. In that way our Canadian forces and those who are going to be flying search and rescue helicopters in the future will be well served. Those for whom the search is made will have a better chance of survival because we have a good aerospace business. Our people are quite capable of producing a good product here.

Finally, I say buy the product off the shelf, put into it what we absolutely need to make a good and reliable product and let us go from there. It is an open system. It is a fair system. It is a bidding system. It adds to the integrity that the government is trying to put back into the minds of the Canadian public so the taxpayers will know they are getting the best for their dollar because the bidding system is open again. It is not back room dealing, it is up front bidding.

[*Translation*]

The Acting Speaker (Mr. Kilger): It being 5.30 p.m., it is my duty to inform the House that pursuant to Standing Order 81, proceedings on the motion have expired.

Supply

[Translation]

MANGANESE BASED FUEL ADDITIVES ACT

The House resumed from November 9, consideration of the motion that Bill C-94, an act to regulate interprovincial trade in and the importation for commercial purposes of certain manganese based substances, be read the third time and passed, and of the amendment.

The Acting Speaker (Mr. Kilger): Pursuant to order adopted Friday, November 10, 1995, the House will now proceed to the taking of the deferred division on the amendment of the member for Esquimalt—Juan de Fuca.

Call in the members.

• (1750)

[English]

Before the taking of the vote:

Mr. Boudria: Mr. Speaker, if you were to seek it I believe you would find unanimous consent that the two private member's items to be voted on, namely Bills C-317 and C-275, be dealt with after the government bills now before the House.

The Acting Speaker (Mr. Kilger): Is there unanimous consent?

Some hon. members: Agreed.

The Acting Speaker (Mr. Kilger): The question is on the amendment.

The House divided on the amendment, which was negatived on the following division:

(Division No. 370)

YEAS

Members

Abbott	Ablonczy
Asselin	Bachand
Bélisle	Bellehumeur
Benoit	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Breitkreuz (Yorkton—Melville)	Brien
Brown (Calgary Southeast/Sud—Est)	Caron
Chatters	Chrétien (Frontenac)
Crête	Dalphond—Guirail
de Savoye	Deshaies
Dubé	Duceppe
Dumas	Epp
Fillion	Forseth
Frazier	Gagnon (Québec)
Gauthier	Godin
Grubel	Guay
Guimond	Hanger
Hanrahan	Harper (Calgary West/Ouest)
Harris	Hart
Hermanson	Hill (Macleod)
Hoepfner	Jacob
Jennings	Lalonde
Landry	Langlois
Laurin	Lebel
Leblanc (Longueuil)	Lefebvre
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Loubier	Manning
Marchand	Martin (Esquimalt—Juan de Fuca)

Mills (Red Deer)
Nunez
Penson
Plamondon
Ramsay
Rocheleau
Schmidt
Silye
Speaker
Stinson
Tremblay (Rimouski—Témiscouata)
Venne
Williams—81

Morrison
Paré
Picard (Drummond)
Pomerleau
Ringma
Sauvageau
Scott (Skeena)
Solberg
St—Laurent
Strahl
Tremblay (Rosemont)
Wayne

NAYS

Members

Adams	Alcock
Allmand	Althouse
Anawak	Anderson
Arseneault	Assad
Augustine	Axworthy (Saskatoon—Clark's Crossing)
Bakopanos	Barnes
Beaumier	Bélair
Bélanger	Bellemare
Bernier (Beauce)	Bertrand
Bevilacqua	Blaikie
Blondin—Andrew	Bodnar
Bonin	Boudria
Brown (Oakville—Milton)	Brushett
Caccia	Calder
Campbell	Cannis
Catterall	Cauchon
Chamberlain	Chan
Clancy	Cohen
Collins	Comuzzi
Copps	Cowling
Culbert	de Jong
Dhaliwal	Dingwall
Discepola	Dromisky
Duhamel	Easter
English	Fewchuk
Finestone	Finlay
Fliis	Fontana
Fry	Gaffney
Gagliano	Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway	Gerrard
Godfrey	Graham
Grose	Harb
Harper (Churchill)	Harvard
Hickey	Hopkins
Hubbard	Ianno
Iftody	Jackson
Jordan	Keyes
Kirkby	Knudson
Kraft Sloan	Lastewka
Lavigne (Verdun—Saint-Paul)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lee	Lincoln
Loney	MacAulay
MacDonald	MacLellan (Cape/Cap-Breton—The Sydneys)
Maheu	Malhi
Maloney	Manley
Marchi	Marleau
Martin (LaSalle—Émard)	McCormick
McGuire	McKinnon
McLaughlin	McLellan (Edmonton Northwest/Nord—Ouest)
McTeague	McWhinney
Mifflin	Milliken
Mills (Broadview—Greenwood)	Minna
Murphy	Murray
Nunziata	O'Reilly
Pagtakhan	Paradis
Parrish	Patry
Payne	Peric
Peters	Peterson
Phinney	Pillitteri
Proud	Reed
Regan	Richardson
Rideout	Ringette—Maltais
Robillard	Robinson
Rock	Scott (Fredericton—York—Sunbury)
Shepherd	Sheridan

Simmons
Solomon
St. Denis
Szabo
Telegdi
Thalheimer
Ur
Verran
Wappel
Whelan
Zed—151

Skoke
Speller
Stewart (Brant)
Taylor
Terrana
Torsney
Valeri
Walker
Wells
Wood

PAIRED MEMBERS

Bouchard
Collenette
Dupuy
Ménard
O'Brien

Canuel
Daviault
Eggleton
Mercier
Young

• (1800)

The Acting Speaker (Mr. Kilger): I declare the amendment lost.

* * *

[Translation]

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT ACT

The House resumed from November 20, 1995, consideration of the motion that Bill C-96, an act to establish the Department of Human Resources Development and to amend and repeal certain related acts, be read the second time and referred to a committee; and of the amendment.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the House will now proceed with the deferred division on the amendment of Mrs. Lalonde.

The division is on the amendment.

Mr. Boudria: Mr. Speaker, if you were to seek it, I believe you would find there is unanimous consent for applying the results of the vote on the amendment on third reading of Bill C-94 to the motion now before the House.

[English]

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

Some hon. members: Agreed.

Mr. Ringma: Agreed.

Mrs. Wayne: I will be voting nay.

Mr. Bryden: Mr. Speaker, I was not here for the first vote. I would like to be recorded as voting with the government on this amendment.

(The House divided on the amendment, which was negatived on the following division:)

Supply

(Division No. 371)

YEAS

Members

Abbott
Asselin
Bélisle
Benoit
Bernier (Gaspé)
Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast/Sud—Est)
Chatters
Crête
de Savoye
Dubé
Dumas
Fillion
Frazer
Gauthier
Grubel
Guimond
Hanrahan
Harris
Hermanson
Hoepfner
Jennings
Landry
Laurin
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
Loubier
Marchand
Mills (Red Deer)
Nunez
Penson
Plamondon
Ramsay
Rocheleau
Schmidt
Silye
Speaker
Stinson
Tremblay (Rimouski—Témiscouata)
Venne

Ablonczy
Bachand
Bellehumeur
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Brien
Caron
Chrétien (Frontenac)
Dalphond—Guiral
Deshaies
Duceppe
Épp
Forseth
Gagnon (Québec)
Godin
Guay
Hanger
Harper (Calgary West/Ouest)
Hart
Hill (MacLeod)
Jacob
Lalonde
Langlois
Lebel
Lefebvre
Leroux (Shefford)
Manning
Martin (Esquimalt—Juan de Fuca)
Morrison
Paré
Picard (Drummond)
Pomerleau
Ringma
Sauvageau
Scott (Skeena)
Solberg
St—Laurent
Strahl
Tremblay (Rosemont)
Williams—80

NAYS

Members

Adams
Allmand
Anawak
Arseneault
Augustine
Bakopanos
Beaumier
Bélanger
Bernier (Beauce)
Bevilacqua
Blondin—Andrew
Bonin
Brown (Oakville—Milton)
Bryden
Calder
Cannis
Cauchon
Chan
Cohen
Comuzzi
Cowling
de Jong
Dingwall
Dromisky
Easter
Fewchuk
Finlay

Alcock
Althouse
Anderson
Assad
Axworthy (Saskatoon—Clark's Crossing)
Barnes
Bélair
Bellemare
Bertrand
Blaikie
Bodnar
Boudria
Brushett
Caccia
Campbell
Catterall
Chamberlain
Clancy
Collins
Coppes
Culbert
Dhaliwal
Discepola
Duhamel
English
Finestone
Flis

Supply

Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Godfrey
Graham	Grose
Harb	Harper (Churchill)
Harvard	Hickey
Hopkins	Hubbard
Ianno	Iftody
Jackson	Jordan
Keyes	Kirkby
Knutson	Kraft Sloan
Lastewka	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Lincoln	Loney
MacAulay	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Maheu
Malhi	Maloney
Manley	Marchi
Marleau	Martin (LaSalle—Émard)
McCormick	McGuire
McKinnon	McLaughlin
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
McWhinney	Mifflin
Milliken	Mills (Broadview—Greenwood)
Minna	Murphy
Murray	Nunziata
O'Reilly	Pagtakhan
Paradis	Parrish
Patry	Payne
Peric	Peters
Peterson	Phinney
Pillitteri	Proud
Reed	Regan
Richardson	Rideout
Ringuette—Maltais	Robillart
Robinson	Rock
Scott (Fredericton—York—Sunbury)	Shepherd
Sheridan	Simmons
Skoke	Solomon
Speller	St. Denis
Stewart (Brant)	Szabo
Taylor	Telegdi
Terrana	Thalheimer
Torsney	Ur
Valeri	Verran
Walker	Wappel
Wayne	Wells
Whelan	Wood
Zed—153	

PAIRED MEMBERS

Bouchard	Canuel
Collenette	Daviault
Dupuy	Eggleton
Ménard	Mercier
O'Brien	Young

• (1805)

[*Translation*]

The Acting Speaker (Mr. Kilger): I declare the amendment lost.

[*English*]

AUDITOR GENERAL ACT

The House resumed from November 20 consideration of Bill C-83, an act to amend the Auditor General Act, as reported (with amendments) from the committee; and of the motion.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 45, the House will now proceed to the motion at report stage of Bill C-83, an act to amend the Auditor General Act.

Mr. Boudria: Mr. Speaker, if you were to seek it, I believe you would find unanimous consent that the members who voted on the previous motion be deemed to have voted on the motion now before the House, with Liberal members voting yea.

[*Translation*]

Mr. Duceppe: Members of the Bloc Québécois will vote against this motion.

[*English*]

Mr. Ringma: Mr. Speaker, Reform members will vote against it, except those who choose to vote otherwise.

Mr. Solomon: Mr. Speaker, New Democratic Party members in the House today will vote nay on this issue.

Mrs. Wayne: Mr. Speaker, the PC members in the House will vote nay on this issue.

Mr. Bernier (Beauce): Yea.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 372*)

YEAS

Members

Adams	Alcock
Allmand	Anawak
Anderson	Arseneault
Assad	Augustine
Bakopanos	Barnes
Beaumont	Bélair
Bélanger	Bellemare
Bernier (Beauce)	Bertrand
Bevilacqua	Blondin—Andrew
Bodnar	Bonin
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Caccia	Calder
Campbell	Cannis
Catterall	Cauchon
Chamberlain	Chan
Clancy	Cohen
Collins	Comuzzi
Copps	Cowling
Culbert	Dhaliwal
Dingwall	Discepola
Dromisky	Duhamel
Easter	English
Fewchuk	Finestone
Finlay	Flis
Fontana	Fry
Gaffney	Gagliano
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Galloway
Gerrard	Godfrey
Graham	Grose
Harb	Harper (Churchill)

Harvard	Hickey
Hopkins	Hubbard
Ianno	Iftody
Jackson	Jordan
Keyes	Kirkby
Knutson	Kraft Sloan
Lastewka	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Lincoln	Loney
MacAulay	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Maheu
Malhi	Maloney
Manley	Marchi
Marleau	Martin (LaSalle—Émard)
McCormick	McGuire
McKinnon	McLellan (Edmonton Northwest/Nord-Ouest)
McTeague	McWhinney
Mifflin	Milliken
Mills (Broadview—Greenwood)	Minna
Murphy	Murray
Nunziata	O'Reilly
Pagtakhan	Paradis
Parrish	Patry
Payne	Peric
Peters	Peterson
Phinney	Pillitteri
Proud	Reed
Regan	Richardson
Rideout	Ringuette—Maltais
Robillard	Rock
Scott (Fredericton—York—Sunbury)	Shepherd
Sheridan	Simmons
Skoke	Speller
St. Denis	Stewart (Brant)
Szabo	Telegdi
Terrana	Thalheimer
Torsney	Ur
Valeri	Verran
Walker	Wappel
Wells	Whelan
Wood	Zed—144

NAYS

Members

Abbott	Ablonczy
Althouse	Asselin
Axworthy (Saskatoon—Clark's Crossing)	Bachand
Bélisle	Bellehumeur
Benoit	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Blaikie	Breitreuz (Yorkton—Melville)
Brien	Brown (Calgary Southeast/Sud—Est)
Caron	Chatters
Chrétien (Frontenac)	Crête
Dalphonf—Guiral	de Jong
de Savoye	Deshaies
Dubé	Duceppe
Dumas	Epp
Fillion	Forseth
Frazier	Gagnon (Québec)
Gauthier	Godin
Grubel	Guay
Guimond	Hanger
Hanrahan	Harper (Calgary West/Ouest)
Harris	Hart
Hermanson	Hill (MacLeod)
Hoepfner	Jacob
Jennings	Lalonde
Landry	Langlois
Laurin	Lebel
Leblanc (Longueuil)	Lefebvre
Leroux (Richmond—Wolfe)	Leroux (Shefford)
Loubier	Manning
Marchand	Martin (Esquimalt—Juan de Fuca)
McLaughlin	Mills (Red Deer)
Morrison	Nunez
Paré	Penso

Private Members' Business

Picard (Drummond)	Plamondon
Pomerleau	Ramsay
Ringma	Robinson
Rocheleau	Sauvageau
Schmidt	Scott (Skeena)
Silye	Solberg
Solomon	Speaker
St-Laurent	Stinson
Strahl	Taylor
Tremblay (Rimouski—Témiscouata)	Tremblay (Rosemont)
Venne	Wayne
Williams —89	

PAIRED MEMBERS

Bouchard	Canuel
Collenette	Davault
Dupuy	Eggleton
Ménard	Mercier
O'Brien	Young

The Acting Speaker (Mr. Kilger): I declare the motion carried.

PRIVATE MEMBERS' BUSINESS

[Translation]

CANADA LABOUR CODE

The House resumed from November 10, consideration of the motion that Bill C-317, an act to amend the Canada Labour Code and the Public Service Staff Relations Act (scabs and essential services), be read a second time and referred to the Standing Committee on Human Resources Development.

The Acting Speaker (Mr. Kilger): Pursuant to the order adopted Friday, October 10, the House will now proceed to the taking of the deferred division on the motion by Mr. St-Laurent.

[English]

As it is the practice, the division will be taken row by row starting with the mover and then proceeding with those in favour of the motion sitting on the same side of the House as the mover. Then those in favour of the motion sitting on the other side of the House will be called.

[Translation]

Those opposed to the motion will be recorded in the same order.

(The House divided on the motion, which was negated on the following division:)

(Division No. 373)

YEAS

Members

Adams	Alcock
Allmand	Althouse
Arseneault	Assad
Asselin	Axworthy (Saskatoon—Clark's Crossing)
Bachand	Bakopanos
Barnes	Beaumur

Private Members' Business

Bélaire	Bélisle	Iftody	Irwin
Bellehumeur	Bergeron	Jackson	Jennings
Bernier (Beauce)	Bernier (Gaspé)	Jordan	Keyes
Bernier (Mégantic—Compton—Stanstead)	Bertrand	Kirkby	Lastewka
Blaikie	Brien	Lee	Loney
Caccia	Caron	Malhi	Maloney
Chrétien (Frontenac)	Clancy	Manley	Manning
Cohen	Crête	Marchi	Marleau
Dalphond—Guiral	de Jong	Martin (Esquimalt—Juan de Fuca)	Martin (LaSalle—Émard)
de Savoye	Deshais	McCormick	McGuire
Dubé	Duceppe	McKinnon	McLellan (Edmonton Northwest/Nord-Ouest)
Dumas	Easter	McWhinney	Mifflin
Fillion	Gagnon (Bonaventure—Îles-de-la-Madeleine)	Milliken	Mills (Red Deer)
Gagnon (Québec)	Galloway	Morrison	Murray
Gauthier	Godin	Nunziata	Paradis
Guay	Guimond	Penson	Peters
Harper (Churchill)	Harvard	Phinney	Pillitteri
Hickey	Hubbard	Ramsay	Reed
Ianno	Jacob	Rideout	Ringma
Knutson	Kraft Sloan	Robillard	Rock
Lalonde	Landry	Schmidt	Scott (Skeena)
Langlois	Laurin	Shepherd	Silye
Lavigne (Verdun—Saint-Paul)	Lebel	Skoke	Solberg
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Leblanc (Longueuil)	Speaker	St. Denis
Lefebvre	Leroux (Richmond—Wolfe)	Stewart (Brant)	Stinson
Leroux (Shefford)	Lincoln	Strahl	Szabo
Loubier	MacDonald	Terrana	Thalheimer
MacLellan (Cape/Cap-Breton—The Sydneys)	Maheu	Torsney	Valeri
Marchand	McLaughlin	Wappel	Wayne
McTeague	Mills (Broadview—Greenwood)	Whelan	Williams —114
Minna	Nunez		
O'Reilly	Pagtakhan		
Paré	Parrish		
Patry	Peric		
Picard (Drummond)	Plamondon		
Pomerleau	Proud		
Regan	Richardson		
Ringuelette—Maltais	Robinson		
Rocheleau	Sauvageau		
Scott (Fredericton—York—Sunbury)	Solomon		
Speller	St-Laurent		
Taylor	Telegdi		
Tremblay (Rimouski—Témiscouata)	Tremblay (Rosemont)		
Ur	Venne		
Verran	Wells		
Wood	Zed —104		

PAIRED MEMBERS

Bouchard	Canuel
Collenette	Daviault
Dupuy	Eggleton
Ménard	Mercier
O'Brien	Young

The Acting Speaker (Mr. Kilger): I declare the motion negated.

* * *

NAYS

Members

Abbott	Ablonczy
Anawak	Anderson
Augustine	Bélangier
Bellemare	Benoit
Bevilacqua	Blondin—Andrew
Boudria	Breitkreuz (Yorkton—Melville)
Brown (Calgary Southeast/Sud—Est)	Brown (Oakville—Milton)
Brushett	Bryden
Calder	Campbell
Cannis	Catterall
Chan	Chatters
Collins	Comuzzi
Cowling	Culbert
Dhaliwal	Duhamel
English	Epp
Fewchuk	Finestone
Finlay	Flis
Fontana	Forseth
Frazer	Fry
Gaffney	Gerrard
Godfrey	Graham
Grose	Grubel
Hanger	Hanrahan
Harb	Harper (Calgary West/Ouest)
Harris	Hart
Hermanson	Hill (Macleod)
Hoepfner	Hopkins

• (1820)

[English]

ENDANGERED AND THREATENED SPECIES ACT

The House resumed from November 20 consideration of the motion that Bill C-275, an act respecting the protection and rehabilitation of endangered and threatened species, be read the second time and referred to a committee.

The Acting Speaker (Mr. Kilger): Pursuant to order made on Monday, November 20, the House will now proceed to the taking of the deferred division on the motion of the hon. member for Davenport at second reading stage of Bill C-275.

As with the previous vote, the vote will take place row by row.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 374)

YEAS

Members

Adams
Allmand
Anawak
Arseneault
Augustine
Bakopanos
Beaumier
Bélanger
Bernier (Beauce)
Bevilacqua
Blondin—Andrew
Bonin
Brown (Calgary Southeast/Sud—Est)
Brushett
Caccia
Campbell
Catterall
Chamberlain
Clancy
Collins
Cowling
de Jong
Discepola
Duhamel
English
Fewchuk
Finlay
Fontana
Frazier
Gaffney
Gerrard
Graham
Harb
Harper (Churchill)
Hickey
Hubbard
Irwin
Jennings
Keys
Knutson
Lastewka
LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lincoln
MacDonald
Maheu
Maloney
Manning
Marleau
Martin (LaSalle—Émard)
McGuire
McLaughlin
McTeague
Milliken
Minna
Murray
O'Reilly
Paradis
Patry
Peric
Peterson
Pillitteri
Reed
Richardson
Ringuette—Maltais
Robinson
Scott (Fredericton—York—Sunbury)
Sheridan
Solomon
Speller
Stewart (Brant)
Taylor
Terrana
Torsney
Valeri
Wappel
Wells
Williams

Alcock
Althouse
Anderson
Assad
Axworthy (Saskatoon—Clark's Crossing)
Barnes
Bélair
Bellemare
Bertrand
Blaikie
Bodnar
Boudria
Brown (Oakville—Milton)
Bryden
Calder
Cannis
Cauchon
Chan
Cohen
Comuzzi
Culbert
Dhaliwal
Dromisky
Easter
Epp
Finestone
Flis
Forseth
Fry
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Godfrey
Grose
Harper (Calgary West/Ouest)
Harvard
Hopkins
Ianno
Jackson
Jordan
Kirkby
Kraft Sloan
Lavigne (Verdun—Saint-Paul)
Lee
Loney
MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi
Manley
Marchi
Martin (Esquimalt—Juan de Fuca)
McCormick
McKinnon
McLellan (Edmonton Northwest/Nord-Ouest)
McWhinney
Mills (Broadview—Greenwood)
Murphy
Nunziata
Pagtakhan
Parrish
Payne
Peters
Phinney
Proud
Regan
Rideout
Robillard
Rock
Shepherd
Skoke
Speaker
St. Denis
Szabo
Telegdi
Thalheimer
Ur
Verran
Wayne
Whelan
Wood—154

Private Members' Business

NAYS

Members

Abbott
Asselin
Bélisle
Benoit
Bernier (Gaspé)
Breitkreuz (Yorkton—Melville)
Caron
Chrétien (Frontenac)
Dalphond—Guiral
Deshaies
Fillion
Gauthier
Grubel
Guimond
Hanrahan
Hart
Hill (MacLeod)
Jacob
Landry
Laurin
Leblanc (Longueuil)
Leroux (Richmond—Wolfe)
Loubier
Mills (Red Deer)
Nunez
Penson
Plamondon
Ramsay
Rocheleau
Schmidt
Silye
St-Laurent
Strahl
Tremblay (Rosemont)

Ablonczy
Bachand
Bellehumeur
Bergeron
Bernier (Mégantic—Compton—Stanstead)
Brien
Chatters
Crête
de Savoye
Duceppe
Gagnon (Québec)
Godin
Guay
Hanger
Harris
Hermanson
Hoeppner
Lalonde
Langlois
Lebel
Lefebvre
Leroux (Shefford)
Marchand
Morrison
Paré
Picard (Drummond)
Pomerleau
Ringma
Sauvageau
Scott (Skeena)
Solberg
Stinson
Tremblay (Rimouski—Témiscouata)
Venne—68

PAIRED MEMBERS

Bouchard
Collette
Dupuy
Ménard
O'Brien

Canuel
Daviault
Eggleton
Mercier
Young

The Acting Speaker (Mr. Kilger): I declare the motion carried.

(Bill read the second time and referred to a committee.)

The Acting Speaker (Mr. Kilger): It being 6.30 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

* * *

TREATMENT OF MUNICIPAL SEWAGE

The House resumed from October 19 consideration of the motion; and of the amendment.

The Acting Speaker (Mr. Kilger): The last time the matter was before the House the hon. member for Glengarry—Prescott—Russell, the chief government whip, had the floor and had approximately five minutes remaining in debate.

Private Members' Business

[Translation]

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, two weeks ago, when I was interrupted by a member calling quorum, I was in the process of discussing the infrastructure program, but an incident occurred. It is worthwhile reviewing it for the House.

[English]

It went like this. The Reform Party proposed a motion. While we were debating its motion it called quorum on itself. Then it failed to produce the quorum it had asked for and we had to adjourn the House. I understand from the annals of parliamentary history that this is rather unprecedented.

We always have new things when we deal with the Reform Party and calling quorum on oneself is one of those things. If that were not bad enough, failing to produce it afterward beat it by a bit. In any event it interrupted my speech for two weeks. I am just catching my second wind but I will get around to it.

We have a motion from the Reform Party about infrastructure. It tells us that the government should be in favour of improving treatment of municipal sewage and so on. That is exactly what we are doing through the infrastructure program, the very successful infrastructure program, might I add, which has brought many water, sewer and such improvements to a variety of localities in Canada.

I know the member across the way is saying that is not good.

Mr. Harris: Not that many.

Mr. Boudria: “Not that many” he says. I am glad he asks how many. Let me bring them to the attention of the House. In the province of British Columbia water and sewer projects have been approved so far in the order of \$493 million. That is not enough, say the Reformers; they said not many. In Alberta, a place familiar perhaps to one or two Reform MPs, it was \$149 million.

• (1835)

We are only talking about water and sewer. We are not talking about roads, highways, engineering, non-residential gas and oil, equipment, dams and irrigation. We are only talking about those infrastructure projects.

In Saskatchewan it was \$80 million; in Manitoba, \$53 million, and in Ontario, \$355 million again in the area of water and sewer. In Quebec it was \$537 million; in New Brunswick, \$89 million, and so on. I could go on and on with the numbers in this wonderful program promised by the Liberal Party in the red book and delivered for the benefit of all Canadians.

Those are grants under the infrastructure program for water and sewer of the kind the hon. member for Comox—Alberni is asking us to support. There is some dissension within the ranks of the Reform Party on this subject, particularly in the mind of the Reform Party member from Simcoe who denounced some weeks ago the infrastructure program. He said that it was a porkfest or something like that. Those were words he used.

However, not long before he had written a letter to the minister responsible for infrastructure, the President of the Treasury Board who does a fine job in this regard, by the way. This is the Reform MP from Simcoe who had previously denounced such projects as porkfests when they were in somebody else's riding. Now that they were in his riding he sent a letter asking for the government to support not one, not two, but three projects including the same kind of arena he denounced in somebody else's riding. That was only a coincidence. Yes, Reformers do that from time to time.

Some hon. members: Shame.

Mr. Boudria: My colleagues are totally upset. I ask them to contain themselves. I know it is terribly upsetting for them to see Reformers do it, but I am sure the recall process will take care of them when they talk out of both sides of their mouths like that.

The hon. member for Comox—Alberni has also had a number of such projects in his riding. For instance, in the village of Ucluelet it cost \$2.27 million to repair its inlet. In the regional district of Comox—Strathcona it cost \$749,000 to upgrade sewage pumps. In Port Alberni it cost \$113,000 to increase the sewage lagoon capacity. In the village of Cumberland, which is a great name in my riding as well, it cost \$41,000 to upgrade sanitary sewers. The government and the President of the Treasury Board should be congratulated by the member for Comox—Alberni.

I thought I would have a few more minutes because I was interrupted for two weeks, but if my time has expired I guess I will have to accept it.

The Acting Speaker (Mr. Kilger): I know the member worked diligently over the past few weeks to prepare himself for this intervention but the rules must prevail.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I enjoyed the comments by the hon. member for Glengarry—Prescott—Russell. As off target as they were, the hon. member talked about some projects that involved sewer work, work on the systems. However I think he missed the real intent of the bill.

• (1840)

The member of the Reform Party tried to address that there are a number of major cities in the country that fail to treat some or all their sewage. In other words, major cities such as Vancouver, Victoria, Halifax and even Montreal are dumping large quanti-

ties of raw sewage untreated into the harbours. This is what the hon. member for Comox—Alberni is trying to get at in the bill.

Most towns and cities across the country have sewage treatment and sewage carrying facilities. It is difficult to believe that in 1995 major cities in Canada fail to treat their sewage in any way and dump it raw into the oceans and rivers.

I mentioned the dumping of raw sewage occurs in Halifax, Vancouver, Victoria and Montreal. It is interesting that it also occurs in Montreal. Hon. members will be interested to note that despite the fact Montreal has a very serious problem with its sewage, it was awarded the NAFTA environmental secretariat by the Liberal government. I assume a city would get such an award because it practises good environmental standards. Yet the city of Montreal, a very serious offender in the dumping of raw sewage, was chosen by the Minister of the Environment to receive the environmental secretariat.

Why would the minister overlook a serious environmental problem and award a secretariat on environmental issues to the city of Montreal? Could it be just another appeasement to the province of Quebec that was not deserved in the first place?

In 1994 it was reported that 17 major cities in Canada failed to treat some or all of their sewage. While provincial governments set the standards for sewage treatments, it is up to the municipality to actually treat the sewage. Many cities have lagoons that provide minimal treatment. In some of the cities I mentioned raw sewage minus the solids is dumped directly into the ocean or water basin. Needless to say, the dumping of raw sewage poses a serious health hazard.

In dealing with health hazards, one of the most notable examples occurred earlier this year on a reserve in Manitoba when a number of residents fell seriously ill because the treatment facility of their town had fallen into disrepair.

Pollution resulting from sewage not only damages our health but damages our economy. Members are aware the cities I mentioned are in many cases large tourist attractions in Canada, particularly Victoria and Vancouver, where probably a few million tourists come to enjoy their aesthetic qualities. However they are shocked to find a practice that allows the dumping of raw sewage into the harbour. This does not bode well for the tourist industry. Members will be aware that in some areas tourism is crucial to the economy. Vancouver and Victoria are good examples.

● (1845)

Pollution from sewage is very damaging to the fishing industry. Sewage degrades the water quality and dissolves oxygen levels resulting in damage to marine life and polluted shorelines. Our fishery plays an important role in the Canadian economy on both the east and west coasts. While overfishing has damaged the fishery to a great extent, it is shameful that it

Private Members' Business

continues to be damaged by our own wilful neglect in not setting some standards for treating raw sewage.

The member for Comox—Alberni and I certainly think it is time to take the matter of untreated sewage seriously. The red ink book of the Liberals talks about the detrimental effects of untreated sewage. It promises to assist provincial, regional and municipal governments to finance new or renewed sewage treatment infrastructure.

In order to facilitate a clean-up, the Liberal government introduced its infrastructure program to look after some of these problems. This program was introduced despite the fact the government did not have any money, provincial governments did not have any money and the municipalities did not have any borrowing authority unless by a referendum or some other process given to them by their citizens.

This program was intended to address some of the serious problems in sewage treatment and sewage transport and that is good. If specific areas of concern were addressed, then we would probably have less problem with the infrastructure program than we do despite the fact that it was done on borrowed funds.

Where money was intended to go to water systems and infrastructure at the municipal and provincial levels, instead we find that a lot of these funds have been used for what we could consider quite frivolous and unnecessary things. This should be of concern. For example, funds have been used for things like circus training centres, snow blowers and boccie courts. The Canadian public is angry that we are spending \$2 billion at the federal level, \$2 billion at the provincial level and another \$2 billion at the municipal level, money that we do not have.

There are such projects as \$500,000 for a canoe hall of fame in the Prime Minister's riding; \$18,000 to improve the sound system in a curling rink; \$72,000 to build two outdoor tennis courts; \$14.4 million for a building for circus training; \$15 million for renovations to Edmonton's hockey rink, and \$173 million to build a trade centre in Toronto. When average Canadians think about infrastructure they think about roads, sewers, culverts and things that allow communities to grow and to look after some of the waste problems they have.

The infrastructure program has become quite a joke in many areas. The spending goes on and on yet sewage is still being dumped into lakes and oceans. It is unacceptable that the government did not place some stricter criteria on the spending of moneys in its infrastructure program.

With respect to the amendment made by the Bloc member, all we have here is the Bloc asking for something for nothing again. The Bloc is saying if the government puts money in for a sewage treatment plant or whatever in the province, if the province or the municipality chooses to opt out they simply get the cash instead to do with it as they like. This idea is another example of

Private Members' Business

the Bloc wanting something for nothing. It defeats the purpose of any kind of infrastructure program funding in the first place.

I ask hon. members in the House to support Motion No. 425 put forward by my colleague from Comox—Alberni.

• (1850)

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, I welcome the opportunity to address Motion No. M-425 put forward by the hon. member for Comox—Alberni. The motion states:

That, in the opinion of this House, the government should support the undertaking of a country-wide program of improving the treatment of municipal sewage to a minimum standard of at least that of primary treatment facilities.

The concern I have about the motion is that such a new country-wide program would only duplicate existing efforts of the federal government, provincial governments and territorial governments.

Our government initiated the Canada infrastructure works program which is geared specifically to upgrading infrastructure. I note that sewage treatment was given a high priority in the program. For example, in my riding of Halifax West, one of the most important and costly projects which the program funded was the upgrading of the Mill Cove sewage treatment plant. It is a very important program which will provide better service for the whole Bedford—Sackville area. That is one of the two largest programs in my riding. The other one relates to road building. Both are solid traditional infrastructure programs.

There are other kinds of infrastructure. These days we have to recognize that even things like fibre optics can be important for infrastructure and for the ability of a community or a country to develop its economic base.

I also note that the Reform Party did not support the infrastructure program when it was first introduced.

I remind hon. members that the primary responsibility of implementing standards or guidelines for fresh water, recreational or drinking water quality and sewage treatment discharges rests with provincial and territorial governments and not with the federal government in Ottawa. The role of the federal government is to supply leadership and advice in support of the provincial and territorial governments through the co-operative establishment of national guidelines and appropriate action in the federal domain.

National guidelines exist in this area and are constantly being updated. For example, through federal and provincial co-operation, health based guidelines for drinking water and recreational water quality are developed. In fact, the fifth edition of "The Guidelines for Canadian Drinking Water Quality" was published in May 1993. This document is popular among those who

study water quality issues. The document recommends limits for microbiological, chemical and radiological contaminants which have been found in drinking water and are known or suspected to be harmful.

The guidelines are used in all parts of Canada. They are developed in co-operation with the health and environment ministries of the provinces and territories. The guidelines fall under the auspices of the Federal-Provincial Subcommittee on Drinking Water. It is important work which is in progress.

The process began in the 1970s. For this reason among others, Canada's drinking water is one of the safest drinking waters in the world. We have to recognize how fortunate we are in this country to have this supply of safe fresh water.

The impact of standards for sewerage is to protect raw water sources which might be used by Canadians for drinking water or recreational purposes. It is the raw water sources which we are talking about.

The environment is one of the key determinants of population health. We all know these days about the increase in allergies and respiratory illnesses which seem to be traceable to environmental causes. Water quality is an important indicator of our efforts to protect human health in this area.

Of the many environmental factors, the quality of their drinking water is of major concern to Canadians. We know this from a number of public surveys and consultations which the government has undertaken. We also know that Canada is in the enviable position of having great riches of fresh water within its boundaries. I believe that Canada has the greatest resource of fresh water in the world. Approximately 83 countries in the world do not have access to fresh drinking water. It is atrocious. The problem is the greatest in those countries which are highly populated.

Our infrastructure program is a co-operative effort of federal, provincial, territorial and municipal governments. It is already being used to upgrade and improve sewage treatment across the country, just as it is in my riding with the upgrading of the Mill Cove sewage treatment plant. This is in keeping with our red book commitments.

• (1855)

In our present situation, the federal, provincial, territorial and municipal governments are prioritizing the infrastructure works program to benefit all Canadians because we have to look at what is vital to Canadians. Microbiological characteristics of the water are still considered to be vital to public health protection and for that reason guidelines are under continuous scrutiny.

There are microbiological guidelines for coliform and total bacteria in drinking water. In fact, it was recently updated and sections on viruses and protozoa in finished water are being prepared. Microbiological contaminants will not be removed from source water if we adopt this motion. This motion will not reduce trace chemical contaminants in the fresh water supply to our municipal drinking water systems.

It will not help, for example, in the case of Five Island Lake where the lake system is contaminated by a PCB site or actually an orphan site which has a number of toxins which need to be cleaned up. This motion will not address the problem of that water system.

The establishment of a national primary sewage treatment standard will not improve the microbiological qualities of drinking water, nor will it significantly improve fresh water quality.

One of the important things we should be moving toward in this regard and one of the things happening in Halifax, for example, is the work toward the removal of toxins and other contaminants at source. That is a very important step we have to take. It is a matter of taking responsibility for the quality of our water and what we dump into our sinks and into our water system.

We have an obligation to all Canadians to expend our resources in the most efficient manner possible. Every dollar we spend must have the maximum possible health benefit to the Canadian public. Health Canada has a duty to Canadians to address serious health issues affecting water quality. We are concerned with disease-causing organisms and cancer-causing chemicals in our water. We have to be concerned about those things more and more these days.

These are the serious issues of the day that Health Canada is addressing. These are also the issues that will not be touched on by this proposed motion. Since primary sewage treatment will not reduce organic substances found in source water from municipal drinking water and disinfection is essential to maintain a safe drinking water supply that will protect the public health, the establishment of a minimum standard of primary treatment will have little public health benefit with respect to drinking water.

Water quality improvements are already occurring under the Canada infrastructure works program, the Canada-Ontario agreement to clean up the Great Lakes and the Quebec-Canada entente to address issues in the St. Lawrence River basin.

I believe the member for Comox—Alberni had the best of intentions in putting forward this motion. Unfortunately, it does not address the real problems facing Canadians today. An isolated program to spend large sums of money on municipal sewage treatment will cost Canadian taxpayers dearly without doing much to increase public health protection.

Private Members' Business

Health Canada is working now in partnership with other levels of government to improve water quality across the country. These are the initiatives we must continue to develop to ensure that the quality of our drinking water remains the envy of the world.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, I would like to start by saying I have a particular interest in this topic, because the riding of Anjou—Rivière-des-Prairies, which I have the privilege to represent in this House, happens to have one of the largest waste water treatment plants in Canada.

Officially opened on November 2, 1987, the Montreal Urban Community waste water treatment plant today has an average capacity of more than 23 cubic metres per second, so that between January 1, 1995 and October 15, and this is just an example, the plant processed about 578 million cubic metres of waste water. To give you a better idea of what is involved, this is the equivalent of the volume of the Olympic stadium.

• (1900)

And to give you some idea of the amount of sludge left after this process, imagine a line of 25 tonne trucks all the way from Montreal to Ottawa, in other words, it is a plant operating at full capacity.

I may add that, to carry out these operations, the plant in my riding has a total budget of about \$43 million, in fact slightly more, and employs a total of 290 people in treatment operations, maintenance, engineering, mechanical engineering and data processing, in other words, all the people who work in this plant. Generally speaking, waste water treatment plants have become indispensable in our modern cities.

That being said, the Bloc Québécois takes the position that we support the principle of protecting the environment, but to us it is obvious that the environment is better protected when each government does what it is supposed to do.

That is why the amendment moved by the hon. member for Laurentides is so important, since, if motion M-425 presented by the hon. member for Comox—Alberni were adopted in its present form, without any changes, this would give the Liberal government, the present government, further opportunities to do what it always has done, which is to invade jurisdictions that are not its responsibility. Basically, that is the reasoning behind the motion of the hon. member for Laurentides.

Motion M-425 before the House today asks this House to support the undertaking of a country-wide program of improving the treatment of municipal sewage to a minimum standard of at least that of primary treatment facilities, in other words, facilities that will eliminate phosphorus deposits.

Private Members' Business

Currently, managing the environment is largely a municipal responsibility. Municipalities are responsible for supplying clean water, as we said previously, for sewage treatment and garbage collection and disposal.

Under the Constitution, and this is the crux of the matter, municipalities are administrative units that receive their powers from the provincial legislatures. Consequently, the federal government has no legitimate right to deal directly with municipalities.

Of course, in Quebec we are accustomed to seeing the federal government proceed in this way. I may recall that it was this kind of behaviour by the federal government that caused nearly half the population of Quebec, nearly 50 per cent, to vote yes on October 30, and it will certainly be a little more than 50 per cent next time.

Since this government has shown it has no intention of changing any of the bad habits we have been criticizing for the past 30 years, we can assume that, at the time of the next referendum on Quebec, more and more Quebecers will understand they have only two choices left: become a majority with full control over their destiny or remain a minority, with their interests subjugated to those of the majority to which they will not belong.

To say the least, it is disappointing, but nevertheless, quite incredible, that this motion is being proposed in this House by a member of the Reform Party. We all know our friends in the Reform Party claim to want to decentralize Canada. They see it as the likely solution to our political problems. It might not be constitutional decentralization, but a real decentralization of powers to the provinces. Obviously this bill invades provincial jurisdictions.

I find it unfortunate that the Reform Party is sponsoring this bill. This party, it must be remembered, initially set itself up as the alternative to the impasse Canada found itself in federally after the failure of the Meech Lake Accord and all that followed. The text of the motion before us, however, shows that the more things change, the more they stay the same. They are still talking about more centralization, as if nothing happened in Quebec.

As we know, and as the English language papers pointed out, our Prime Minister succeeded to some extent in lulling Canada into a bit of a stupor over what was actually happening in Quebec.

• (1905)

Events in Quebec woke people up somewhat. Now they are trying to pretend nothing happened and settle everyone down

again, while they go on centralizing in Ottawa, as if nothing has changed.

By voting in favour of this motion without the necessary amendments—one of which has been proposed by my colleague for Laurentides—the federalist parties in this House will simply confirm to Quebec voters that the no side did not favour change, despite what they hoped and continue to hope.

That is why my colleague from Laurentides put forward an amendment to this motion that would give all provinces the right to opt out with full financial compensation, so that they themselves could spend the money on the environment and not on anything else.

This amendment would have two advantages among other things. First, from a constitutional point of view, it would allow all levels of government to exercise their powers properly in their respective areas of jurisdiction, contrary to what is now the case. I would like to remind you that the environment is not among the areas of jurisdiction explicitly assigned by the constitution. It has often been said that the environment was not on the agenda when the constitution was drafted, but still. This is a so-called ancillary power deriving from the areas of jurisdiction explicitly mentioned in the Canadian constitution.

Before the mid-1980s, the Quebec government, which has jurisdiction over local and territorial matters, played a key role in assuming most environmental responsibilities. As provided for in the constitution, the federal government was happy to get involved in areas complementary to its jurisdiction, and everything was just fine.

In 1985, the federal government started to become much more involved in environmental matters. It did so mostly by using its spending power and the new powers it had been granted by the courts. This has led to many cases of overlap and duplication. This situation has gotten worse since the election of the present Liberal government, which is trying to further centralize decision making in Ottawa.

If there is one thing that is perfectly clear about the bills that I have seen tabled in this House, it is that almost every bill introduced to amend other bills or to encroach on areas of jurisdiction that may previously not have been clearly defined gives ever more authority to the ministers.

At present, there is a great deal of duplication and overlap in federal and provincial environmental regulations. Therefore, private sector enterprises often have to spend time, energy and money on gathering information on a large number of programs, answering inquiries from both levels of government, attending numerous committee meetings, preparing for inspections that are often conducted by both levels, meeting requirements that are often different depending on the level of government involved, and the list goes on ad infinitum.

For instance, there are currently eight federal regulations overlapping existing Quebec regulations on the same subject. Yet, they keep wanting to make more regulations and centralizing more and more. Cases in point are the storage of PCB material regulations and pulp and paper effluent regulations.

There are also environmental benefits, since appropriate solutions to problems to be dealt with locally will be easier to find. You will no doubt agree, Mr. Speaker, that local authorities are in a better position than anyone else to find solutions suited to the particular circumstances of their respective communities. As far as the environment is concerned, government's ability to understand local problems and challenges depends on how far removed it is from the field. The further it is removed, the less it is able to find practical solutions likely to gain acceptance and generate co-operation within local communities. That is the spirit behind the amendment moved by my hon. colleague for Laurentides, which we support.

[English]

Mrs. Carolyn Parrish (Mississauga West, Lib.): Mr. Speaker, I am here today on behalf of the government to address Motion No. M-425 put forward by the member for Comox-Alberni. It calls for a country-wide program of improving the treatment of municipal sewage to a minimum standard or at least that of primary treatment facilities.

A basic weakness of the motion is that it proposes to solve the problem of municipal waste water through the use of a specific directed technology. Since when have Reform Party members believed in imposing the use for every province of a uniform method when they do not even believe in the consistent application of a basic health care principle?

• (1910)

What we should be concerned about is not the process used to effect treatment of municipal waste water, but the quality of the final product and its subsequent short and long term effects on humans and the ecosystem. The shortsightedness of this bill is typical of many Reform motions: immediate, quick fixes that show the lack of experience that comes from not really understanding how other jurisdictions of government work, how the municipal political mind works.

While the Canadian Federation of Mayors has been consistently requesting an infrastructure program, the first government to take the request seriously is the Liberal government. A minister was put in charge of the program who has been a well respected, long serving mayor and he tailored the program to suit the unique and individual needs of all municipalities, municipalities that are fiercely protective of their jurisdictions.

Under the federal Fisheries Act, for example, no person including a municipality, is allowed to discharge water where fish are found or treated water which contains any substance that is harmful to fish. The focus should not be on what technology

is used to treat municipal water waste, including domestic sewage, but on the final quality of the water.

As a technology for treating municipal waste water, primary treatment is a physical, mechanical process, very simplistic at best. It can remove material like sand, grit, stones, twigs and larger objects like wood and plastic. It can settle out the heavy organics of domestic sewage, but that is about all primary treatment can achieve.

A fundamental concern related to municipal waste water is how much oxygen demanding matter it contains. Oxygen demanding matter takes up oxygen from its environment to decompose. A primary treatment system, if efficiently designed and operated, can only reduce up to 40 per cent of the oxygen demanding substances found in municipal waste water. The remaining 60 per cent will be discharged into the system.

It is important to remove as much organic matter as possible that requires oxygen to decompose from municipal waste water so it does not consume oxygen that fish need to thrive. Such matter does not then demand heavy chlorination and subsequent disinfection processes.

Primary treatment cannot address concerns related to toxins, including removal of heavy metals that are commonly found in Canadian municipalities.

A country-wide program of improving the treatment of municipal sewage to a minimum standard of at least that of primary treatment facilities will not in all cases adequately conserve and protect the environment. More important, in the jurisdiction of water treatment, municipalities will, en masse, cry foul if the federal government presumes to tell them how to achieve a technology that many of them have to this date perfected in an extremely economical manner.

I would not like to be the federal politician who attempts to tell Mayor Hazel McCallion of Mississauga, a mayor well known for her strength of character, how to treat her water system rather than what minimal standards should be maintained coming out of Mississauga. In fact, when the current infrastructure program was designed and offered to Mississauga, the city council did not request money for water treatment. The basic structures were in such good shape that Mississauga requested a one-third portion contribution for a living arts centre which created, as an aside, 950 jobs.

The standard of water in Mississauga is absolutely one of the highest in the country. No government has ever told the city how to do this.

Improving the treatment of municipal sewage is a commendable objective, but it does not fully address the issue of conservation and effective management of Canada's water sources. What is urgently needed at the municipal level are sewer use bylaws to restrict access to the sewer systems of substances not amenable to treatment. Also municipalities should charge water

Private Members' Business

users the full and true cost of both supplying drinkable, usable water and treating waste water after its use, as is done in Mississauga. At this very time water charges in Mississauga are double, water amount going in and water amount going out.

Municipal water in Canada has traditionally been underpriced in comparison to other utilities or essential services. Many years of water prices set at artificially low levels by municipalities have not allowed Canadian communities to accumulate adequate reserve funds for renovation and upgrading of water infrastructure. Also low water prices have offered no incentive for technological advance. Thus, the municipal water industry has been left with old technologies, inefficient plants and very low levels of innovation.

A country-wide program to improve sewage treatment to at least the level of primary treatment would still leave all current pricing problems intact and without resolution.

• (1915)

According to 1991 statistics, which are the most recent figures available, the level of revenues collected by Canadian municipalities for water use and sewerage charges is in the order of \$3.3 billion. With the probable exception of property taxes, revenues from water use are the largest source of income for municipal governments. At current prices, for many Canadian municipalities this revenue source is still insufficient for municipalities to operate and maintain their water infrastructures.

What are Canadians to do to deal with this apparent shortfall? Surprisingly, researchers have found that as the price of water increases, the demand decreases. This is not witchcraft. We have all seen this in the pricing of many commodities.

In accordance with the polluter pays principle, municipal water customers should pay for waste water treatment according to their level of water use. The federal government cannot be big brother and pay for all minimal water treatment across the country. Treatment according to the level of water use is the most important product of proper water conservation.

Similarly, industries that use municipal sewers and treatment as their primary or only method of waste water abatement should pay for the extra stress they place on water treatment plants. Perhaps municipalities should even pay their provinces in proportion to the level of contamination of their effluent for the right to deposit their waste water in lakes, rivers and other communal waterways.

Cheap water in Canada has led to unnecessarily high water usage. Higher water usage has led municipalities to install water systems that are larger than would be needed if realistic pricing

policies were implemented by Canadian communities to bring out true water conservation.

I believe water conservation is the real way of the future. Pricing based on quantity of water used provides each user with the incentive to conserve water. This leads to cost savings by water consumers as well as municipalities themselves in terms of their capital expenditures and maintenance costs of waste water treatment plants. It also encourages less reliance on unpredictable purification chemicals, which in the future may cause other problems.

Let me emphasize that there is wastage by the consumer, who has no incentive, financial or otherwise, to conserve water supplies. In addition, public utilities find it cheaper to process and pump more clean water through the system than to find and repair expensive leaks. In some areas of Canada, system leakage accounts for 40 per cent of total pumping. Country-wide primary treatment for municipal sewage, as proposed by the hon. member for Comox—Alberni, will do nothing to correct that.

If I may call the attention of the hon. members to the 1987 federal water policy, the concept of full cost pricing, which includes extra sewer charges for industrial waste and the promotion of universal metering, is a cornerstone of that document. The infrastructure related components of the federal water policy accord well with the policies outlined in *Creating Opportunity: The Liberal Plan for Canada*.

The 1987 federal water policy is based on a user pay principle. This means users should be responsible for funding a particular service in approximate proportion to their consumption. User pay wherever possible is an appropriate principle for our times and one this government endorses.

To monitor the progress of implementation of the 1987 federal water policy, Environment Canada undertook in 1991 a survey of water piping practices among Canadian municipalities of at least 1,000 inhabitants or more. The results were somewhat of a disappointment. The Government of Canada had spent the four years since the release of the 1987 federal water policy promoting the benefits of full cost pricing as a means of water conservation and adequate financing of water infrastructure programs. Environment Canada found, however, that half of the surveyed municipalities were still charging a flat rate for water use.

Under such circumstances there is no incentive for water consumers to lower their consumption. In addition, water consumers often have no idea of how much water they are actually using as there is no meter attached to their facility or home to court and compile the number of cubic metres of water used.

In summary, a country-wide program with the sole goal of improving municipal sewage treatment to the minimum level of primary treatment would not solve Canada's problems in the area of municipal waste water treatment. Minimal chemical purification and ultimately a serious concern for conservation of this valuable resource is the true direction this government should be taking. Therefore I will not be supporting this very shortsighted bill at this time.

Mr. Grant Hill (Macleod, Ref.): Mr. Speaker, I would like to wager that if Motion No. M-425 came from the other side of the House it would get a different hearing in the House.

• (1920)

I cannot imagine anyone concerned about clean water and health issues saying that this bill will not look after all the problems of Canada in terms of our water supply. Who says it would? Motion No. M-425 simply calls for raising the standard in Canada to a minimal standard, a standard that would have solid settling, chlorination and discharge of sewage in a much different manner from what we have today. Is it simplistic to try to raise the standard of water treatment in Canada? Where I come from it is not.

I would like to tell a little story relating to water quality. I am a fisherman. I enjoy sport fishing. The river that flows through the community near me is world class as a sport fishing river, the Bow River. In my youth I fished in that river and was unable to eat the fish. They were beautiful rainbow trout, wonderful to catch. A 24-inch rainbow would take me 20 minutes to land, but I released every one. They were oily downstream of Calgary. There was a huge amount of waste going into the Bow River.

I have a cousin in England who is a very keen fisherman. He came all the way from England to fish in the Bow River with me. He asked me whether I expected he would catch a wild trout in this beautiful stretch of water. I pretty well guaranteed him that he would. I told him what time of year to come. I said that I had some experience there and had the opportunity to just about guarantee him that unless there was a change in weather, a tremendous amount of extra mud in the water, he would be guaranteed a fish.

He did catch the first wild rainbow trout of his life. I will never forget him holding that beautiful fish out of the water and asking for a picture to be taken, then saying to me, "I must release this fish, it will be polluted". I was able to say to him, "No, Derrick, that fish today is edible". Over the 25 years since I had been fishing this river Calgary had cleaned up its act to the point where this beautiful fish could be eaten. He said, "I am a conservationist, I think I will release it anyway". And he did.

Does the treatment of effluent downstream of a big city make any difference? I believe it does.

I heard all kinds of praise for the infrastructure program from members opposite, an infrastructure program that I flatly think

is an abject failure. To borrow \$6 billion and mortgage the future of my children and my grandchildren to provide short term jobs in Canada is fundamentally flawed.

I will give one example of how badly the infrastructure program failed. This is a municipality I am responsible for in my own constituency.

Ms. Cohen: Are you going to make the announcement?

Mr. Hill (Macleod): You bet. I am making that announcement here in front of everybody in Canada.

The infrastructure program was a pronounced failure in a constituency at home. What did the municipality do for infrastructure in my own constituency? It bought a grader, a Yankee-built grader. It shipped it home by a U.S. trucker. It paid for it with borrowed dollars. It produced one job, just one job. The infrastructure program in this municipality produced one job. Is that an advantage? That is an advantage for whom? It is an advantage for a U.S. manufacturer with a grader. The infrastructure program is an abject failure.

• (1925)

This bill will simply raise the standard in Canada. Will it solve all the problems in Canada? It will not. If this bill were coming from the other side of the House, there would be effusive praise for such a bill. Since it is not, I am convinced it will not gain support.

I ask members opposite, how can they argue against cleaner water in Canada? How can they argue with that?

Mr. John Bryden (Hamilton—Wentworth, Lib.): Mr. Speaker, I am delighted to speak to Motion No. M-425 because I want my Reform colleagues to know that I support it wholeheartedly. I am delighted indeed that the Reform Party has brought it forward.

I regret that my colleague from Mississauga West and I find ourselves on different sides of this debate. The reason I support this bill so wholeheartedly is that not only does it address a very serious problem and address it in a very responsible way, but it also addresses the problem of federalism versus regionalism. I find to my absolute delight that the Reform Party has put a motion on the floor that actually argues for a strong central government rather than regionalism, as that party tends to support generally.

I am very aware of the sewage problem that occurs in Victoria, where sewage treatment consists of building a longer pipe into the ocean so that the effluent does not come back to the beaches of Victoria. I am also aware that the United Kingdom is very angry right now because constantly on the beaches of the Hebrides, the Orkneys and the northern coast of Scotland are effluent, plastic materials and garbage that can be identified as coming from Canada. This is absolutely an intolerable situation.

Adjournment Debate

Why can we not rely on municipalities to spend the money to give the kinds of treatment facilities that are demanded by this motion? The answer is that municipalities are driven by local interests. Often they have priorities that are very local and are unwilling to support things that actually pertain to society at large and to our global environment. In other words, if it is not in one's own local backyard then it is easier to spend elsewhere.

We have a situation where regional interests cannot look after the problem and we must look to a strong federal government to provide the money and the leadership to attack this problem. I regret absolutely that we do not have in the Constitution some provision that says the federal government would have the power to prevent Victoria from simply dumping sewage into the sea.

Not only is this motion well taken but it is ironic because it shows that the third party—and I have great admiration for the third party on certain issues—supports the kind of concept that we Liberals have when we see a strong central government showing leadership in many ways.

I have to add that implicit in this motion is the suggestion that the federal government should have the necessary funds to provide minimum sewage treatment in various municipalities across the land.

In conclusion, I do not support the Bloc amendment because that is a regional amendment, but I want the Reform Party to know, especially the member for Comox—Alberni, this is a very fine motion. I congratulate them on bringing it before the House.

The Acting Speaker (Mr. Kilger): The time provided for consideration of Private Members' Business has now expired. Pursuant to Standing Order 98, the order is dropped to the bottom of the order of precedence on the Order Paper.

ADJOURNMENT PROCEEDINGS

• (1930)

[*English*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

DEPARTMENT OF NATIONAL DEFENCE

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I rise pursuant to Standing Order 38 on behalf of

the constituents of Okanagan—Similkameen—Merritt on an issue of national importance.

On October 3, I asked the Minister of National Defence a question pertaining to Colonel Kenward who ordered the destruction of video tape evidence of an airborne regiment hazing video. The minister's response was, to say the least, insufficient.

The video tapes that were ordered destroyed impeded the investigation of the military police. Lieutenant-Colonel Kenward, who was subsequently promoted to full colonel by the chief of the defence staff despite the minister's own reservations, ordered the destruction of the video tapes. It was later revealed that three copies of the video tape existed.

This does not justify the actions of Lieutenant-Colonel Kenward. There will never be any way of knowing whether the three copies match the one destroyed by Lieutenant-Colonel Kenward's order.

This case is an example of the serious problems with the system of justice at the Department of National Defence. This case may in fact be providing details of a miscarriage of justice within the senior command of the Department of National Defence.

The Minister of National Defence notified me in his response on October 3 that the chief of defence staff, General John de Chastelain, would hold a press conference on the issue to clear the air. I personally attended that press conference and I would like to say that it did not clear the air. It muddied the waters further.

The CDS presented the official side of the story with a documented audit trail detailing how Lieutenant-Colonel Kenward was promoted to full colonel. What became clear from these documents was that the chief of defence staff had intervened on behalf of Lieutenant-Colonel Kenward to ensure his promotion.

Documents he released showed that he wrote to the Canadian Armed Forces judge advocate general on behalf of Lieutenant-Colonel Kenward. The correspondence included quotes from Kenward himself denying that he had intended any wrongdoing. The judge advocate general, after considering this counsel from his superior, the chief of defence staff, cleared Kenward's name and cleared the way for Kenward's promotion.

This type of shenanigans underlines the culture of cover-up at the highest level of the Department of National Defence. Kenward's promotion to full colonel was secured despite the concerns of the military police and the Minister of National Defence.

The minister has publicly admitted that he expressed his concerns regarding the promotion to the chief of defence staff and the chief of defence staff refused to heed them. Clearly the minister has no confidence in the CDS and the CDS has little respect for the minister's judgment.

Adjournment Debate

This case is indicative of the problems with our military justice system. It is difficult to believe the military police had their investigation thwarted by the chief of defence staff and the judge advocate general.

I believe that justice was not served. Canadians still want the Minister of National Defence to clarify his position. When did the Minister of National Defence learn that Colonel Kenward had destroyed video tape evidence? Was it before or after the promotion? Why did he have reservations about the promotion of Kenward to full colonel?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, this all relates to Somalia and the airborne. The hon. member is clearly misguided in his attempts to discredit the Minister of National Defence and the government.

The Reform Party platform of using specious arguments and half truths for partisan gain has done nothing to help Canada deal with the issue at hand.

By contrast, the Minister of National Defence and the government have acted forthrightly and effectively. I believe this is what Canadians are seeing and what they are asking for. They are rejecting the disparaging arguments being put forth by the Reform Party.

Let us look at the facts. It was this government that called for an inquiry. More specifically, it was this member as opposition defence critic who asked for the inquiry two and a half years ago, not the Reform Party. It was this government that ensured the inquiry would be public. It was this government that made the commitment to make Canadian forces members available to the commission when they were called upon to testify. It was this government that encouraged people with any information that may be of interest to the commission to go forward to the inquiry. It was this government that ensured the Somali inquiry was provided with complete and accurate information and that relevant documents were made available to the commission.

• (1935)

DND and the Canadian forces have and will continue to co-operate fully with the commission that has been established. Not all our actions have been easy. The public rightfully demanded that the government address this serious issue in an expedient manner, but this had to be tempered with prudence. Where others may have attempted to score quick political points, we stayed the course waiting for the Westray mine decision so that justice would not later be undone as a result of a legal technicality.

These actions point toward leadership, integrity and a willingness to get things done. There is nothing to sustain the utterly fallacious and ultimately destructive arguments being put forward by the Reform Party. We will certainly not be goaded into taking ill advice and precipitous action. We are monitoring the

commission proceedings. Canadians can rest assured that appropriate actions will be initiated when and where they are warranted.

Now is the time to let the commission do its work. We look forward to hearing the recommendations of the commission. In summary, the Canadian forces have a long and proud heritage that we are not prepared to discard. I suggest that the Reform Party share this sentiment.

CUBA

Mr. Bill Graham (Rosedale, Lib.): Mr. Speaker, some time ago I had occasion to ask the minister about the issue of the Helms-Burton bill dealing with an embargo against goods from Cuba. I should like to introduce my question this evening by reminding the representative of the ministry about some of the facts of the bill.

We in Canada share the interest of American legislators and Americans generally in seeing Cuba begin to respect human rights and to open up its economy to forces from outside so that it has a liberal, open economy for the benefit of all Cuban citizens. What we are talking about here is the method whereby this change may be obtained.

We believe, it seems to me in our government, in a form of open trading whereby we can liberalize trade relationships by having relations with one another. The United States, for some reason not difficult to understand because it is rooted in U.S. domestic politics, has chosen in respect of Cuba an embargo that flies in the face of its policies with respect to other countries, which seeks to penalize the Cuban government and the Cuban people for the fact that they are unwilling to conform to U.S. standards and practices.

We do not deny the United States has the right to embargo Cuba if that is what its domestic policies call for it to do. What we object to, what I will ask for further information on and what I asked in the question I earlier posed to the minister was what we were doing in Canada to ensure the measures being adopted by the American Congress do not proceed in a way that would violate international law, violate international obligations of the United States to Canada and violate our rights to conduct our relationships with Cuba and the Cuban people in a way that we can ensure Canadian policies and Canadian law are respected.

The bill on which I asked the question, known colloquially as the Helms-Burton bill, has in it several items that are very problematic to us as Canadians. They prohibit U.S. persons from extending financing to businesses that traffic in property confiscated by the Cuban government. A U.S. person is defined in the bill in such a way that it could extend to subsidiaries in Canada. It denies entry into the United States of persons, individuals or shareholders of corporations who traffic in U.S. property. It gives to the United States courts the jurisdiction to decide

Adjournment Debate

compensation claims for property confiscated by any foreign government.

In all respects we have serious problems with these propositions. It represents in many ways a secondary boycott which the United States has said in the past it totally disapproves of in respect of the Arab boycott of Israel. It represents extraterritorial measures against Canadian corporations carrying on lawful business in this country and with Cuba. It gives to the United States courts a jurisdiction that frankly would introduce extraordinarily difficult measures in respect of dealing with the United States in United States courts.

These measures reflect a view of the United States Congress that is willing to take measures against the interests of the United States in many respects, against international law and against its international obligations to Canada and other nations. As such, it is a dangerous precedent because it reflects a sense of the United States power which says it is above the rules it has set and in which all of us participate.

• (1940)

I would be anxious to know what measures the Government of Canada can take to tell the U.S. Congress what we can do to protect ourselves. How can we use the Extraterritorial Measures Act which we already have? How can we respond to Congress to let the U.S. know that we in this country intend to pursue our rightful place in the international community in a way that respects our interests and our proper commercial relationships with a friendly country?

Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member for Rosedale and the chairman of the parliamentary Standing Committee on Foreign Affairs and International Trade will agree with me that Canada and the U.S. share common objectives of democracy, human rights and market oriented reforms in Cuba. However, we differ on the best way to achieve such goals. Canada favours engagement and dialogue.

Currently there is legislation before the U.S. Congress which would extend the U.S. embargo against Cuba. When the legislation was first introduced in February, the Canadian government examined it and found provisions which could be harmful to Canadian interests. We made our concerns known to both the administration and Congress. As well, businesses and other groups on both sides of the border have opposed the legislation. Many other countries have also expressed concerns over the legislation.

Canada's key concerns related to proposals that would restrict imports of sugar and sugar-containing products from countries which import sugar from Cuba and that would allow U.S. citizens to make claims in U.S. courts against foreign companies investing in property expropriated by the Cuban government.

This approach to claims would be contrary to generally accepted principles of international law and could have repercussions on international investments beyond Cuba. The proposals would restrict entry into the U.S. of officers of certain foreign companies which have business dealings with Cuba.

What is the current situation? Different versions of the bills have been passed by the House and the Senate and these now have to be reconciled in a conference committee. Canadian efforts were successful in having the proposed sugar restrictions removed from both versions of the bills.

Our other key concerns have been partly addressed. While the version of the bill passed by the Senate removes the provisions on investment claims and temporary entry, these remain in the House version of the legislation. Canada is continuing to press for the controversial provisions dropped from the version passed by the Senate to not be reintroduced in any final version of the legislation.

It is not clear when the conference committee will present a reconciled version of the legislation or if the common bill would be able to muster enough votes to pass both the House and the Senate. If passed, the final stage would be to send the bill to the President for his consideration. As the hon. member knows, the U.S. administration shares many of Canada's concerns. The U.S. Secretary of State has told Congress that he will recommend that President Clinton veto the bill if an unacceptable version is passed. Should the objectionable provisions be reinserted, Canada would urge a presidential veto of the bill.

I compliment the hon. member. I know he has many connections, communications and dealings with colleagues in the United States. He has also been playing a very important role in helping us to keep a Canadian foreign policy, while letting the United States keep its foreign policy in relation to Cuba.

NUCLEAR WEAPONS

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, on November 8 I asked the Parliamentary Secretary to the Minister of Foreign Affairs why Canada withdrew its sponsorship of UN resolution L-3 which seeks a stop to nuclear weapons tests.

Nuclear tests are presently being carried out by the French government and are being planned by the Government of China. Both governments are contravening the spirit of the extended nuclear non-proliferation treaty and negotiations toward a comprehensive nuclear test ban treaty.

It might be recalled that on September 5 the foreign affairs minister issued a news release in which he deplored the tests. He stated: "Canada's policy on testing is clear: no testing by any nuclear weapons state and speedy progress toward concluding a comprehensive test ban treaty". In keeping with this policy, on October 31, Canada and the United Nations chose to co-sponsor UN resolution L-3 which seeks a stop to nuclear weapons tests.

• (1945)

Suddenly, on November 7 Canada and the United Nations decided to withdraw its co-sponsorship. The reason? It would appear that the sponsorship was a mistake. Whose mistake is the question.

The next day, November 8, the Prime Minister from New Zealand re-emphasized Canada's position stating that Canada deplores the actions of the French government and that Canada hopes the tests will stop rapidly.

Today, on November 21, the question is: How can we deplore nuclear testing at the level of the Minister of Foreign Affairs and the Prime Minister, except to co-sponsor an important UN resolution against testing and then a week later withdraw our co-sponsorship of a resolution that is not only consistent with the views of government leaders, but also consistent with our stated unequivocal policy on nuclear weapons testing?

Mr. Jesse Flis (Parliamentary Secretary to Minister of Foreign Affairs, Lib.): Mr. Speaker, I welcome the opportunity to respond to the hon. member for Davenport on the subject of Canada's position on nuclear testing.

I can assure the hon. member that today, November 21, Canada's position on nuclear testing rests on a bedrock of Canadian tradition in support of a comprehensive test ban treaty. On this issue, as the hon. member said, our position has been consistent and clear. It remains unchanged to this day: no testing by any nuclear weapons state.

The government has repeatedly stated Canada's deep commitment to the early conclusion of a comprehensive test ban treaty. Such a treaty should prohibit all nuclear testing regardless of size, in all environments for all time. For Canada, this remains our most important and immediate arms control and disarmament priority.

Last week, in the first committee of the United Nations General Assembly, Canada voted in favour of a resolution strongly deploring nuclear testing. Canada was also a lead co-sponsor of the resolution which calls for the early completion of an effective CTBT. Together these resolutions represent Canada's firm position on testing.

Canada played a leading role in securing the indefinite extension of the treaty on the non-proliferation of nuclear weapons last May. The indefinite extension of the NPT provides the foundation for real disarmament.

Among the decisions agreed to by all the countries of the NPT review conference was the need to complete a comprehensive nuclear test ban treaty no later than 1996.

Adjournment Debate

Canadian actions since then have been calibrated to ensure that everything possible is done to meet the commitments taken in May and to reinforce the integrity of the non-proliferation treaty.

Canada's active role in the CTBT negotiations in Geneva and our efforts to develop the necessary political support for the early conclusion of the CTBT within multilateral fora such as the OAS and the recent Commonwealth heads of government meeting have been buttressed by the welcomed announcements made by the U.S.A., U.K. and France that they support a zero threshold comprehensive test ban treaty. A zero threshold CTBT would ban all tests for all time.

We believe these public affirmations by three of the five nuclear weapon states will greatly assist the negotiations in reaching an early and successful conclusion to the CTBT.

In conclusion, let me repeat yet again that Canada's position on nuclear testing is clear and firm. We oppose all testing and remain committed to a CTBT in 1996.

CANADIAN WHEAT BOARD

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, one of the most important issues facing prairie people today is the future of the Canadian Wheat Board. The vast majority of prairie producers support the Canadian Wheat Board yet they feel that its future is being threatened. There are many reasons for this, not the least of which has been the federal minister of agriculture's complete reluctance to stand up for the board whenever it needed defending.

The latest threat, however, is the continued freelancing of wheat into the United States by individuals who seem to think they can ignore the law to further their own goals.

• (1950)

There have been numerous organized attempts to cross the border from Canada into the United States to sell wheat. These are strictly prohibited by Canadian law. In doing so these freelancers are exacerbating trade tensions between Canada and the United States, are risking the complete shutdown of agricultural trade between Canada and the United States, or at the very least are risking the imposition of yet another cap on the sales that currently occur under the jurisdiction of the Canadian Wheat Board.

Things are not getting any better out there. Canada has enjoyed some very good wheat sales into the United States. Millers and pasta makers want our high quality durum and the Canadian Wheat Board has been taking full advantage of that in promoting the high quality Canadian product throughout the U.S. marketplace.

Adjournment Debate

However, U.S. farmers do not like this. There is a lot of political and public pressure on U.S. congressmen and senators to stop the cross-border traffic in wheat. Canada could very well find itself squaring off with the United States in the near future, not just across our border, but in the world marketplace as well. This is looking more and more likely as the new U.S. farm bill comes into being.

The Americans are looking at maintaining a dominant role in the world marketplace. They are looking to increase their grain production. They are expecting to leave their export enhancement program in place. When you add this into the pot with the negative feeling toward those north of the border, that could certainly be bad news for Canada.

In maintaining friendly trading relations with the United States, the Canadian Wheat Board has successfully sold tonnes of wheat into the United States over the years. The wheat has moved quietly and quickly into the U.S. market and Canadian farmers who respect the board have been rewarded with increased payments from the board.

In supporting the board, Saskatchewan's minister of agriculture, Andy Renaud, said: "The Canadian Wheat Board can move grain into the U.S. for the benefit of all prairie farmers, not just a few, and do it in a way that minimizes as much as possible the threat of new trade restrictions".

He also said that the Saskatchewan government supports strong action to stop illegal sales to ensure that the U.S. market remains open for all farmers.

The Americans, and in particular the American multi-national grain corporations, realize the strength of the board and have been campaigning to force us to get rid of it. The board has been so successful that the U.S. feels threatened by it. Now some Canadian farmers are joining forces with these Americans to try to kill the board.

They falsely believe that without the board they will have better success at marketing their own grains in the United States. The board is defending itself in the marketplace but it needs help from Canada's minister of agriculture. Good words are one thing but actions are more important.

At a recent grain industry general meeting the minister said that those who cross the border with grain for sale are law breakers and that those who violate the law are harming their cause to get changes to the Canadian Wheat Board Act.

In response I urge the minister not to make changes to the Canadian Wheat Board Act. And one more time I ask him, is he prepared to take whatever action is necessary to defend single desk selling and enforce the rules and regulations as they have been set out in Canadian law?

Mr. Fred Mifflin (Parliamentary Secretary to Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I thank the hon. member for his question and his comments.

I say at the outset that many if not all my constituents are going to be surprised to see me stand up and answer a question on prairie farmers and the Canadian Wheat Board, but as the hon. member knows the duties of a parliamentary secretary are many and varied, particularly during the adjournment debate.

The Canadian Wheat Board Act and Canadian Wheat Board regulations, as the hon. member knows, state that any export of wheat and barley requires an export licence issued by the Canadian Wheat Board. The law is very clear on this point.

The Customs Act administered by Revenue Canada is applied in support of the Canadian Wheat Board program. It requires exporters shipping wheat and barley to the United States to first obtain an export licence. It is very clear.

Proceeds from the sales of the unauthorized exports are not deposited into the Canadian Wheat Board pooling accounts. Therefore, when this occurs producers who comply with the wheat board export program receive no benefit and are hurt by the resultant loss of the potential export opportunities engendered by the legal freelancers, as pointed out by the hon. member.

Within the democratic system of government in Canada there are other ways to work for change without deliberately engaging in unauthorized and illegal activities which may create unnecessary problems with the management of our international trade relations.

The western grain marketing panel process was put in place so that grain farmers, industry and other shareholders could have an opportunity to participate in a number of grassroots fora to discuss the current grain marketing system including the Canadian Wheat Board.

On behalf of the minister of agriculture, I would advise those who are dissatisfied with the current marketing system to participate fully in the western grain marketing panel and its process to improve the system and to do what the hon. member is suggesting is a more orderly method of conducting business.

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 38, the motion to adjourn the House is now deemed to have been adopted.

Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24.

(The House adjourned at 7.56 p.m.)

CONTENTS

Tuesday, November 21, 1995

ROUTINE PROCEEDINGS

Government Response to Petitions	
Mr. Milliken	16577
Interparliamentary Delegations	
Mr. Speller	16577
Petitions	
Income Tax	
Mr. Szabo	16577
Questions on the Order Paper	
Mr. Milliken	16577
Points of Order	
Standing Order 109	
Mr. Taylor	16577
Mr. Milliken	16578
Standing Committee on Finance	
Mr. Milliken	16578
Motion	16578
(Motion agreed to.)	16578

GOVERNMENT ORDERS

Supply	
Allotted Day—Canadian Aerospace Industry	
Mr. Jacob	16578
Mr. Collenette	16582
Mr. Jacob	16585
Mr. Hart	16585
Mr. Mifflin	16589
Mr. Leroux (Shefford)	16590
Mr. Mills (Broadview—Greenwood)	16593
Mr. Mifflin	16594
Mr. Jacob	16597
Mr. Mills (Broadview—Greenwood)	16598
Mr. Schmidt	16598
Mr. Gerrard	16601
Mr. Mills (Red Deer)	16603
Mr. MacDonald	16605
Mr. Abbott	16606
Mr. Mills (Broadview—Greenwood)	16607
Mr. Jacob	16607
Mr. Discepola	16607
Mr. Mills (Broadview—Greenwood)	16609
Report of the Auditor General of Canada	
The Speaker	16609

STATEMENTS BY MEMBERS

Canadian National Institute for the Blind	
Mr. Malhi	16609
Beaver River	
Miss Grey	16609
Unemployment Insurance	
Mr. Solomon	16610

Space Program	
Mr. Adams	16610
Official Languages	
Mr. Graham	16610
Gun Control	
Mrs. Gagnon (Québec)	16610
National Medicare Day	
Mr. Stinson	16610
Banking	
Ms. Brown (Oakville—Milton)	16611
Icelandair	
Mr. Regan	16611
Brain Tumour Foundation	
Mrs. Gaffney	16611
Strikebreakers	
Mr. St-Laurent	16611
Canadian Wheat Board	
Mr. Hoepfner	16611
Atlantic Canada	
Mr. McGuire	16612
Leader of the Bloc Quebecois	
Mrs. Dalphond—Guiral	16612
Atlantic Canada	
Mrs. Hickey	16612

ORAL QUESTION PERIOD

Railway Transportation	
Mr. Mercier	16612
Mr. Fontana	16613
Mr. Mercier	16613
Mr. Fontana	16613
Mr. Mercier	16613
Mr. Martin (LaSalle—Émard)	16613
Mr. Duceppe	16613
Mr. Fontana	16613
Mr. Duceppe	16613
Mr. Martin (LaSalle—Émard)	16613
National Unity	
Mr. Manning	16614
Mr. Chrétien (Saint—Maurice)	16614
Mr. Manning	16614
Mr. Chrétien (Saint—Maurice)	16614
Mr. Manning	16614
Mr. Chrétien (Saint—Maurice)	16614
Regional Development	
Mr. Bélisle	16615
Mr. Martin (LaSalle—Émard)	16615
Mr. Bélisle	16615
Mr. Martin (LaSalle—Émard)	16615
Foreign Affairs	
Mr. Mills (Red Deer)	16615

Mr. Collenette	16615
Mr. Mills (Red Deer)	16615
Mr. Ouellet	16615
Regional Development	
Mr. Fillion	16615
Mr. Martin (LaSalle—Émard)	16616
Mr. Fillion	16616
Mr. Martin (LaSalle—Émard)	16616
Agriculture	
Mr. Hermanson	16616
Mr. Tobin	16616
Mr. Hermanson	16616
Mr. Tobin	16616
Diplomats	
Mr. Laurin	16616
Mr. Ouellet	16617
Mr. Laurin	16617
Mr. Ouellet	16617
Science and Technology	
Mr. Bélanger	16617
Mr. Gerrard	16617
Employment	
Mr. Williams	16617
Mr. Dingwall	16617
Mr. Williams	16617
Mr. Dingwall	16618
Agusta	
Mr. Marchand	16618
Mr. Dingwall	16618
Mr. Marchand	16618
Mr. Dingwall	16618
Fisheries	
Mr. Scott (Skeena)	16618
Mr. Tobin	16618
Mr. Scott (Skeena)	16619
Mr. Tobin	16619
Canadian Pacific Railways	
Mr. Allmand	16619
Mr. Manley	16619
Assistance to Research	
Mr. Rocheleau	16619
Mr. Gerrard	16619
Justice	
Mr. Hanger	16620
Mr. Gray	16620
Land Mines	
Mr. Robinson	16620
Mr. Ouellet	16620
National Defence	
Mr. Telegdi	16620
Mr. Mifflin	16620
Presence in Gallery	
The Speaker	16620
Points of Order	
Standing Order 109	
The Speaker	16620

Mr. Milliken	16621
Mr. Taylor	16621
The Speaker	16621

GOVERNMENT ORDERS

Supply

Allotted Day—Canadian aerospace industry

Consideration resumed of motion	16621
Mr. Mills (Broadview—Greenwood)	16621
Mr. Fillion	16622
Mr. Mifflin	16624
Mr. Richardson	16625
Mr. Bachand	16628
Mr. Bryden	16630
Mr. Sauvageau	16630
Ms. Catterall	16632
Ms. Catterall	16633
Mr. Sauvageau	16634
Mr. Jacob	16634
Mr. Sauvageau	16634
Mr. Frazer	16635
Mr. Hopkins	16637

GOVERNMENT ORDERS

Manganese Based Fuel Additives Act

Bill C-94. Consideration resumed of motion for third reading	16640
Amendment negated on division: Yeas, 81; Nays, 151	16640

Department of Human Resources Development Act

Bill C-96. Consideration resumed of motion for second reading	16641
Motion negated on division: Yeas, 80; Nays, 153	16641

Auditor General Act

Bill C-83. Consideration resumed of report stage and amendment	16642
Motion agreed to on division: Yeas, 144; Nays, 89	16642
(Motion agreed to.)	16643

PRIVATE MEMBERS' BUSINESS

Canada Labour Code

Bill C-317. Consideration resumed of motion for second reading	16643
Motion negated on division: Yeas, 104; Nays, 114	16643
(Motion negated.)	16644

Endangered and Threatened Species Act

Bill C-275. Consideration resumed of motion for second reading	16644
Motion agreed to on division: Yeas, 154; Nays, 68	16645
(Bill read the second time and referred to a committee.)	16645

Treatment of Municipal Sewage

Consideration resumed of motion and of amendment	16645
Mr. Boudria	16646
Mr. Harris	16646
Mr. Regan	16648
Mr. Pomerleau	16649
Mrs. Parrish	16651

Mr. Hill (Macleod)	16653
Mr. Bryden	16653

ADJOURNMENT PROCEEDINGS

Department of National Defence

Mr. Hart	16654
Mr. Mifflin	16655

Cuba

Mr. Graham	16655
Mr. Flis	16656

Nuclear Weapons

Mr. Caccia	16656
Mr. Flis	16657

Canadian Wheat Board

Mr. Taylor	16657
Mr. Mifflin	16658

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