CANADA

House of Commons Debates

VOLUME 134 • NUMBER 063 • 2nd SESSION • 35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, June 17, 1996

Speaker: The Honourable Gilbert Parent

CONTENTS

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

HOUSE OF COMMONS

Monday, June 17, 1996

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

CYPRUS

Mrs. Eleni Bakopanos (Saint-Denis, Lib.) moved:

That, in the opinion of this House, the government should support all measures leading to the demilitarization of the Republic of Cyprus in such a way as to enhance prospects for a peaceful and lasting resolution of the dispute regarding Cyprus that would benefit all the people of Cyprus and bring about an end to more than two decades of division on the island.

She said: Mr. Speaker, I rise today with a saddened heart to speak about a tragedy that has endured for nearly 22 years, a tragedy which highlights the failure of the international community to find a just and viable solution to a grave injustice of this century. Just because it does not make the headlines every week does not mean the Cyprus problem is under control.

A recent shooting in the UN buffer zone of a Cypriot soldier is a clear reminder to all of us that this situation could turn into a crisis at any time.

[*Translation*]

For me, this motion represents my commitment to human rights and to the peaceful resolution of international conflicts. At a time when respect for the great principles of international law and for basic human rights is an essential requirement for a fair and stable international order, Cyprus remains an unacceptable and tragic exception.

● (1105)

[*English*]

The Cyprus problem involves the illegal occupation of a small country by a large and militarily much stronger neighbour. It involves a violation of international treaties, a systemic destruction of a cultural heritage of an ancient land with thousands of years of history and civilization, and a displacement of more than a third of Cyprus' population and the tragedy of 1,619 missing persons.

What makes the Cyprus issue a particular tragedy is that while numerous conflicts rage on around the world without a solution in sight, the Cyprus problem does have a solution that is within the reach of the international community. This is the demilitarization proposal I am introducing in the House of Commons today.

[*Translation*]

The United Nations has tried on several occasions to reconcile the two communities, but without success. Let us note the role played in the latest UN initiatives by the Right Hon. Joe Clark as special representative of the Secretary General of the United Nations from May 1993 to May 1996. Unfortunately, no agreement was reached because the Turkish side was not flexible enough. We are now at an impasse.

[*English*]

The continuing presence and overwhelming military strength of the Turkish occupation troops on the island, currently standing near 30,000, is perhaps one of the biggest stumbling blocks in the resolution of the Cyprus problem.

This is an alarming fact that led the United Nations secretary general to describe the occupied area of Cyprus in his December 1995 report to the security council as ''one of the most highly militarized areas in the world in terms of the ratio between numbers of troops and civilian population''.

This has led to the creation of unstable conditions threatening peace and security not only in Cyprus but in the wider region of the south eastern Mediterranean. Security concerns and anxieties are of crucial importance to both sides and serve to promote continued mistrust which we all know is detrimental to any solution.

What the situation requires is a solution that will take into account the security concerns of both sides, a solution that will help to restore confidence and enhance prospects for a peaceful and lasting solution to this grave problem.

The proposal by the president of Cyprus, Mr. Glafcos Clerides, for the complete demilitarization of the republic of Cyprus is such a solution. Formally submitted to the United Nations in December 1993, this comprehensive plan, if implemented, provides among other things for the disbanding of the Cypriot National Guard and

the handing over of all its arms and military equipment to substantially strengthen the UN peacekeeping force.

The money saved from defence spending would be used to fully finance this force and the remainder of the savings would be reserved for development projects to benefit both communities. This offer is conditional on the parallel withdrawal of Turkish troops and Turkish settlers from Cyprus, as also called for in the UN resolutions—there are a number of them—and the disbanding of Turkish Cypriot armed units.

If implemented, these measures leading to a reciprocal reduction of defence spending and reduction in the number of troops on Cyprus will help to restore confidence between the parties, will meet the security concerns of all parties involved and will enhance the prospects for a peaceful and lasting resolution of the dispute regarding Cyprus. These would benefit all the people of Cyprus and bring an end to more than two decades of division of the island.

Recent developments have made the resolution to the Cyprus problem an issue once again for the international community.

[*Translation*]

In fact, the European Union was to start six months after the 1996 intergovernmental conference closes, that is to say, in about two years.

• (1110)

As a result, Europe is getting involved more seriously in the resolution of the Cyprus problem. The European Union, the United States and Great Britain have also appointed special representatives. More than at any other time, a solution may be within reach.

[*English*]

The final issue I wish to address is perhaps the most pertinent for the House and its members. Why as members of Parliament should we support this? That is a question everyone will be asking today. The answer is self-evident for me: Canada's longstanding commitment to the peaceful resolution of conflicts and its regard for human rights violations wherever they may occur. Canadians are no strangers to the Cyprus problem, having been involved in the United Nations peacekeeping forces in Cyprus for nearly 30 years.

We have an opportunity today to lend our respected voice in the international community to bring about the successful implementation of this plan and to send a clear message that the status quo is no longer an acceptable solution.

The proposal has already received considerable support. At a meeting of the Commonwealth nations in November 1995, the heads of government, including our Prime Minister, expressed full support for the proposal by the president of the Cypriot government for the demilitarization of Cyprus. Resolutions have been passed in both the United States Senate and Congress. The European Union has also passed a resolution welcoming the proposal. Most recently, Australia and New Zealand respectively passed resolutions in support of this proposal.

Canada contributed to the United Nations peacekeeping forces in Cyprus for nearly three decades. We have not forgotten this issue nor its importance to all Canadians, in particular Canadians of Cypriot origin.

This motion will reiterate Canada's conviction that only peaceful negotiations can bring disputes to a peaceful and just resolution. Canada has shown leadership in the field of human rights and has stood firm on its commitment to respect for international law. As Canadians we can once again show leadership through the Minister of Foreign Affairs and the Prime Minister by supporting this motion. I invite all members on both sides of the House to support this motion. This will be our first step in finding a just and viable solution to the Cyprus problem.

Why should Nicosia remain as the only divided capital city in the world? We have seen the tumbling of the Berlin wall, the commencement of a Middle East peace process. Why can we not work together as responsible members of the international community to bring an end to the Cyprus problem once and for all?

I intend to raise this matter tomorrow in the House in a question to the Minister of Foreign Affairs. He has said he will support this motion and will work hard with other members of the Canada—Cyprus friendship committee of the House in order to find a viable and just solution to a problem, a tragedy, that has existed for 22 years.

[*Translation*]

Mr. Osvaldo Nunez (Bourassa, BQ): Mr. Speaker, I am pleased to rise in support of Motion M-239 tabled on May 1 by the hon. member for Saint-Denis. In her motion, the hon. member is asking that the government ''support all measures leading to the demilitarization of the Republic of Cyprus in such a way as to enhance prospects for a peaceful and lasting resolution of the dispute regarding Cyprus''.

I commend my colleague for this initiative. It was with her and other parliamentarians that I travelled to that country in January 1995. This visit has been an unforgettable experience for me. Unfortunately, we were able to visit only the southern part of the island, that is the Greek part under the control of President Glafcos Clerides, whose government has been recognized by the international community. We could nevertheless see, in the distance, the ghost city of Famagusta, a city now abandoned that played a major role in the history of Cyprus.

• (1115)

Cyprus combines oriental and occidental values. A small island 240 kilometres long by 100 kilometres wide, with a total area of 9,251 square kilometres, lying in the eastern Mediterranean Basin, Cyprus has a history that goes back more than 3,000 years. Unfortunately, this country has sustained the effects of the antagonism between the Greeks and the Turks dating back to the fall of Constantinople in 1453.

Cyprus was also marked by 82 years of British occupation. Indeed, Cyprus was a British colony from 1878 to August 1960, when it achieved independence. At that time, 81 per cent of the 574,000 residents of the islands were Greek speaking and 18 per cent were Turkish speaking. In Parliament in Nicosia, 35 seats were allocated to Greek speaking Cypriots as compared to 15 to their Turkish speaking fellow citizens, or a 70 to 30 ratio.

Within just a few years, an interethnic spark of violence degenerated into a bloody conflict affecting the whole island. The Turkish Cypriots decided to create a separate government they called PTCA, which stands for Provisional Turkish Cypriot Administration.

In 1964, UN peacekeepers, including a Canadian contingent, took over from the British troops. That year, Greece dispatched approximately 5,000 troops to Cyprus while Turkey built its military strength up to 10,000 on the island. That is how the green line, or neutral zone between the Turkish and Greek neighbourhoods of Nicosia, came to be.

From 1964 to 1974, Cyprus experienced a relatively calm period and had a great president in the person of Archbishop Makarios, who governed well and was a leader of the group of non aligned countries. I had the honour of meeting him in Chile, during a visit in that country. In 1974, the dictatorship of the colonels in Greece organized a coup in Cyprus. Ankara took advantage of the situation and sent 7,000 troops, who occupied one third of the island.

We must look for a negotiated settlement in Cyprus. In his May 1994 report to the security council, the UN secretary general stated that the security council was facing an already familiar scenario, namely the absence of an agreement essentially because of a lack of political will on the Turkish Cypriot side.

In my opinion, we must first end the occupation of the island by about 40,000 Turkish troops. The UN secretary general also identifies Cyprus as one of the most militarized zones in the world, in terms of its soldiers and civilians. In November 1993, the secretary general said that the security council found unacceptable the status quo in Cyprus, which was established and maintained through the use of force.

Part of the solution lies in the proposal made by the President of Cyprus, Glafcos Clerides, to completely demilitarize the island. The proposal was submitted to the UN in December 1993 and reaffirmed on many occasions since. It involves the dismantling of the Cypriot national guard and the surrender of all military weapons and equipment to a UN peacekeeping force.

I support Motion M-239 to demilitarize Cyprus. I am very touched by the support of Dr. Oscar Arias, the former President of Costa Rica, who is leading an extraordinary campaign to end armament. Costa Rica is already a demilitarized country, as is Panama and, more recently, Haiti. I support the demilitarization of these three countries. The money thus saved could be used to promote the island's economic and social development.

• (1120)

The UN peacekeeping force must continue to play a lead role in this peace process. This demilitarization proposal has already been supported by the U.S. House of Representatives and the European, Australian and New Zealand parliaments, as well as the Commonwealth heads of government at their 1995 meeting in New Zealand. It is now the turn of this House of Commons to support this initiative, which will, I believe, lead to peace and stability for this island.

I thank the Cypriot community of Canada, particularly those in Quebec, for constantly keeping the problem of Cyprus before us, and for bringing legitimate pressure to bear so that a solution may be found to this problem as soon as possible.

Being a member of the Commonwealth like Cyprus, Canada ought to play a more significant role in peace keeping and in finding a solution to the Cyprus problem. This problem has gone unresolved for far too long. I urge the Canadian government to step up its efforts in this area.

On the one hand, I find it deplorable that Canada pulled its peacekeepers out of Cyprus in 1992, after 29 years of presence on the island. The presence of the UN peacekeeping force is indispensable as an aid to negotiation and political settlement of the Cypriot question.

On the other hand, the mediation overtures begun by former Prime Minister Joe Clark, representing Secretary General Boutros Boutros-Ghali, have unfortunately not led to the anticipated results.

I also find it deplorable that Canada is represented by only an honourary consul in Cyprus. The situation there, and the size of the Cypriot community here in Canada, justify the presence of a full time career consul general.

I hope that the Republic of Cyprus, as my colleague has said, will be able to join the European community in the near future. This will help solve the problem.

Greek and Turkish Cypriots have lived peaceably together for four centuries. The 1974 crisis left more than 3,500 dead, 3,000 of

those Greek Cypriots. As well there are another 1,619 missing, whose fate is as yet unknown.

During my visit, I was made aware of this tragedy of the thousands of missing persons, when I spoke of having become familiar with the same phenomenon of the disappeared in Chile, Argentina and a number of other countries. The disappeared represent a very serious problem today. I might mention as well that, in Cyprus alone, there are also more than 200,000 displaced persons.

Cyprus, a country I came to love very much during my visit, has played a great role in the past. Since 1974, however, its people remain separated, because no solution has been acceptable to both the Greek community in the south and the Turkish community in the north.

I also saw that the area we visited is experiencing a very strong economic upturn, and the standard of living is very high. Thousands of tourists every year visit the island. I would like to see every part of Cyprus benefit from prosperity and a still higher standard of living.

[*English*]

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, Motion No. 239 put forth by the hon. member for Saint Denis reflects the intent previously stated by the United Nations, the Australian Parliament, the New Zealand Parliament, the U.S. Senate and the U.S. House of Representatives. By supporting this motion, Canada will be joining these world leaders in calling for a peaceful settlement of the Cyprus issue and ensuring the future stability and well-being of the people of Cyprus.

In joining the nations and global organizations that have previously stated their support for the demilitarization of Cyprus, Canada is declaring that demilitarization would meet the security concerns of all parties involved. It would enhance prospects for a peaceful and lasting resolution of the dispute regarding Cyprus. It would benefit all the people of Cyprus and hence merits international support.

● (1125)

Cyprus has been plagued with conflict since 1963 when violence broke out over accumulated tension between the Greek and Turkish communities. Cyprus became independent of British rule three years earlier, with a constitution intended to balance the interests of the island's Greek Cypriot and Turkish Cypriot communities.

A treaty between Cyprus, Greece, Turkey and the United Kingdom guaranteed the basic provisions of the constitution and the territorial integrity and sovereignty of Cyprus. Unfortunately, the application of the provisions of the constitution were not easily enforced and tensions between the two communities escalated with time and eventually led to the outbreak of violence.

As early as 1964 the United Nations established a peacekeeping force in Cyprus. Since then, the security council has periodically extended the mandate of the peacekeeping mission. Most recently the security council extended the mandate of the peace force until June 30, 1996. While expressing concern that there has been no progress toward a final political solution and while urging the leaders of both communities to promote tolerance and reconciliation, these forces will doubtless continue to patrol the buffer zone between the 30,000 Turkish troops that remain in Cyprus and the Greek Cypriot forces.

The presence of Turkish troops in northern Cyprus as well as the Greek troops occupying the area hamper the search for a freely negotiated solution to the dispute. These troops pose a potential threat to the security and well-being of all Cypriots and hinder the peace and stability of the region.

Until demilitarization occurs there is a strong danger that negotiations will remain unprosperous and no settlement will be reached. This conflict has lasted too long and we as members of an influential nation must voice our concern for the Cypriot people who continue to suffer from uncertainty about the future of their country.

Cyprus has become a test case of the effectiveness of the United Nations and of the application of the basic rules of international law. Since this conflict began, the United Nations has proposed a number of peace plans to create a federal independent and non-aligned Cypriot state. The United Nations has also sponsored numerous rounds of negotiations between the conflicting parties, most of which have not been fruitful.

In 1992 Dr. Boutros Boutros-Ghali reported to the UN security council on the results of the latest round of negotiations. He regrettably announced that the lack of political will continued to block the conclusion of an agreement.

In that same year the security council reaffirmed that a settlement must be based on a state of Cyprus with a single sovereignty and international personality and a single citizenship, with its independence and territorial integrity safeguarded. In 1994 resolution No. 939 effectively conceded in the absence of agreements on fundamental issues that confidence building measures were not a realistic possibility to ending the conflict. Unfortunately, the presence of foreign troops in Cyprus has hindered the ability of negotiators to come up with agreements on the fundamental issues mentioned in resolution No. 939.

The European Parliament in a joint resolution called upon the European Union, its member states and Turkey to give their full backing to a continuous and broad dialogue to promote respect for human rights and freedoms. This is a resolution that we must echo here in the Canadian House of Commons.

Our concern in this issue must be first and foremost for the Cypriot people. They are the ones suffering from this elongated war and the lack of political negotiations between the warring nations involved. It is only through negotiated settlements between Greece and Turkey that peace can be restored. It is only through the establishment of peace that a concern for human rights and democracy will return to the region.

Canada is a strong believer in human rights and fundamental freedom for all people. This cannot merely be a spoken promise. We must also act on it. We can begin by approving this motion to restore peace and stability to Cyprus through the removal of all foreign troops in the area.

• (1130)

Unfortunately, while the necessity and validity of this motion is not in question, its ultimate effectiveness is. Canada's distance from Cyprus hinders our ability to become an active participant in this issue. It is up to the regional authorities involved to solve this problem. They are the ones that must join together around the bargaining table and negotiate a settlement that will end the militarization in Cyprus and allow the Cypriot people to live in peace. Our role of diplomacy is the one we should be emphasizing and promoting in that area.

I ask the government to call on the European Union to take a more active role in ending the conflict in Cyprus. The European Union has an influence over this conflict that Canada does not enjoy. First, member states of the union are at a much more strategic spot to deal with the Cypriot conflict than Canada is. They also play a unique role in the dispute in that in July 1990 Cyprus formally applied for full membership to the European community.

In response to Cyprus's plea for membership, the leaders of the European Union agreed at the Corfu summit that the next phase of enlargement of the union will include Cyprus, subject to a solution of the Cyprus problem. This gives the European Union a tool for use in negotiations and ultimately a settlement of this problem.

To give this issue the utmost attention, it is important that the conflict be ended now. We urge all parties involved in the Cyprus question to demonstrate goodwill and a new resolve to work actively toward a lasting and peaceful political settlement. This is the most effective way for Canada to become involved.

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, I am very pleased to have the opportunity to contribute to this most important motion, Motion No. 239, which promotes the demilitarization of the Republic of Cyprus. Let me say at the outset that I fully support this motion. I want to congratulate the member for Saint-Denis for bringing it forward.

In the last several years we have witnessed the creation of new areas of tension and conflict through the unleashing of destructive forces of chauvinism and ethnic strife. At the same time, in many parts of the world we have witnessed the triumph of reason, the entrenchment of democracy and the emergence of free market economies.

In July 1994 a brutal armed force was unleashed by the Turkish government. The result was the illegal invasion of a sovereign state and member of the United Nations, the island of Cyprus. To this day 37 per cent of the island's territory is illegally occupied.

Turkish and Greek Cypriots were forcibly evicted from their homes and became refugees in their own country. Almost 50,000 Turkish Cypriots have been forced by Turkish troops to flee their homes and lose their property. Thousands of Greek Cypriots have been displaced, their properties stolen and their family members murdered. Close to 2,000 Greek Cypriots simply vanished, and to this very day are unaccounted for.

This constitutes a gross violation of basic human rights for both the missing persons and their beleaguered families.

I met the father of one of the missing. His name is John Kasapis. Mr. Kasapis is a United States citizen whose then 16-year-old son was vacationing in Cyprus in 1974. To this very day this heart-broken father has not heard of the whereabouts of his now 38-year-old son. Is he alive or is he dead? Can this father or the families of the 1,619 other missing persons, of which I would like to point out are also relatives of many Canadians, ever rest, find peace and can their wounds ever heal?

On July 20 the people of Cyprus and the rest of the civilized world will be commemorating the 22nd anniversary of this brutal and illegal invasion. I am sad to say that there seems to be no end in sight. It seems that no solution is the solution for the illegal Turkish regime.

• (1135)

I recently attended a meeting of NATO and the North Atlantic alliance group where one of the topics discussed was illegal immigration. I was shocked to learn that just over 20,000 illegal Turkish immigrants are seeking asylum in Germany.

Mr. Katlu Adali in the Turkish newspaper *Yeniduzen* describes how the Turkish Cypriot population has decreased by 60,000 to 70,000. Turkish Cypriots living in the Turkish occupied north of Cyprus flee to the southern part of the free island not just for jobs, not just for a better life, but more significantly for political asylum.

It is also reported in the *Ortam*, another Turkish newspaper, that the Republic of Cyprus recognizes Turkish Cypriots as equal citizens of the republic as it also recognizes many other groups on the island, namely the Maronites, the Latins, the Armenians, just to

name a few. Reading this I wonder what type of regime the Turkish authorities are running.

Thousands of new Turkish settlers have been brought from mainland Turkey to the island and into the occupied areas. This is altering drastically the demographic character of Cyprus at the expense of Turkish and Greek Cypriots.

In January 1992 the Spanish parliamentarian, Mr. Cuco told the Council of Europe's committee on migration, refugees and demography that the colonization of areas of Cyprus under Turkish occupation by Turkish settlers constitutes an additional obstacle to peace and is Cyprus' most serious demographic problem since the invasion of 1974. This was based on Mr. Cuco's on the spot investigation.

Moreover, the Council of Europe has condemned the continuous human rights violations by Turkey, and according to a 1983 report released by the Council of Europe, the European commission of human rights found that Turkey's continuing occupation of Cyprus violates articles 5, 8, 14, 26 and article 1 of protocol 1 of the European convention on human rights. The aforementioned clearly condemns Turkey's violation of human rights relating to missing persons, the family and their properties.

The more people who are aware of human rights violations, the more likely they are to act on them. The more one learns, the more compassionate one becomes and less likely to harm.

Through my presentation I want people to learn to work toward an expedient, just solution for Cyprus and for the betterment of all humanity. The confidence building measures have been a step in the right direction, which is why this motion is most important and why I ask my colleagues in the House to fully support it.

Just as our American counterparts, the European Parliament, the New Zealand House of Representatives and the Australian House of Commons are working vigorously toward helping to bring a speedy and just solution to the Cyprus issue, I point out that we too as Canadian parliamentarians, through the Canada-Cyprus friendship association, are working just as vigorously for a just solution.

It is also important to mention to this hon. House that approximately two years ago the Canada-Cyprus friendship group under the direction of its chairman, the hon. member for Kent, endorsed a demilitarization proposal for Cyprus as was outlined by the President of the Republic of Cyprus, Mr. Clerides, to the Secretary-General of the United Nations, Mr. Boutros Boutros-Ghali.

Therefore, I will not go into the details of the six-point demilitarization plan, as it was already outlined by my colleague so eloquently, but I would like to take this opportunity to commend President Clerides for this bold initiative.

The Commonwealth heads of government which met in Zimbabwe unanimously endorsed the resolution which reiterated its support for the independent sovereignty, territorial integrity, unity and non-aligned status of Cyprus and for securing compliance with all the United Nations' resolutions on Cyprus. Moreover, it expressed full support for the proposal of the president for the demilitarization of Cyprus.

What is significant is that we as a Canadian government, members of the Commonwealth in essence have already endorsed this proposal. With the meeting in Zimbabwe there is even more reason why the House should support this motion.

One wonders for how long the people of Cyprus will wait for the invader to leave their home. For how long will the Cypriot people stand by and witness ethic cleansing?

• (1140)

The Turkish occupying forces to this very day continue to plunder systematically and destroy the Cypriot cultural heritage in the occupied area of the island. Religious property is a particular target. Churches continue to be converted into mosques, vandalized and turned into entertainment centres and pubs. What is happening in the occupied areas of Cyprus by the Turkish forces is a total disgrace and against all principles of human rights and freedoms.

Twenty-two years have passed, and the security council's many resolutions remain unimplemented and totally ignored by Turkey. Unless the aggressor is faced with progressively more severe consequences for its disregard of international legal order, there is not going to be, I am sad to say, any solution or justice in Cyprus and the United Nations will lose credibility in the future.

Cyprus is not looking for pity. Cyprus wants what we all want as civilized human beings. Cyprus wants what all progressive institutions are advocating and that is justice.

In conclusion, not only do I extend my support for this motion for the demilitarization of the Republic of Cyprus, but I urge all hon. members of the House to do the same so that we can all be part of a process that will bring forth a just and peaceful solution to this peace loving island. Let us all work together to right the wrong. Let us mend the wound.

Mr. John English (Kitchener, Lib.): Mr. Speaker, I am extremely pleased to speak today on Motion No. 239 calling for demilitarization of Cyprus.

I would like to express my thanks and support for the motion of my colleague from Saint-Denis. She has shown extraordinary commitment and perseverance in bringing forward this very impor-

tant motion. Those of us who are familiar with private members' business and its trials and tribulation think it is important that we note her efforts.

All members of the House are well aware of the long commitment Canada has made toward the peaceful resolution of the disputes in Cyprus. Canada has been an active participant in the resolution of those disputes for over 30 years, and we have acquired a deep knowledge and appreciation of that situation on that island.

Even though Canadian troops left the island in 1993, Canadians maintain a deep interest because of our Commonwealth ties, because of the experience of so many Canadians and because so many Canadians are of Cypriot background.

Today we are very worried. In the words of Secretary-General Boutros Boutros-Gahli: ''Cyprus is a dangerous island''. Its northern part is ''one of the most densely militarized areas in the world''. It is filled with arms and with soldiers and there are dangers which we hear about in the daily press.

Last week the hon. member for Saint-Denis mentioned that a Greek Cypriot was killed by a Turkish soldier. This summer we have heard about the conflict in the Mediterranean and the entire eastern Mediterranean is becoming a very dangerous place and a genuine threat to peace on a much broader level.

From the outset, Canada has supported the efforts of the United Nations and the international community toward the reunification of the island. This was embodied in security council resolution 939 and we concur with the principles of that resolution that a peaceful negotiated settlement, based on a federal structure that would take into account legitimate concerns and aspirations of both communities is the most promising solution.

Very recently the security council's five permanent members reaffirmed their full support for the good offices mission of the secretary-general and underlined the importance they attach to a comprehensive approach to an overall settlement of the Cyprus problem on the basis of the relevant security council resolutions and the discussions of 1977 and 1979.

That is why we are here today for this very important debate. Canada has an opportunity to take a lead in calling for demilitarization of the island. As you know, Mr. Speaker, from your own very important work in conflict resolution, demilitarization is a fundamental first step in achieving conflict resolution in situations similar to this situation in Cyprus.

In our own case we have played a dynamic and instrumental role in maintaining world peace through peacekeeping efforts, but in the case of Cyprus, Canadians peacekeepers were there for many decades and peace was not achieved. Therefore we took strong action through Mr. Clark who represented the secretary-general in trying to work out a solution. This year was, in the words of the United States ''to be the year of Cyprus''. It seemed that resolutions have been found for other conflicts in that part of the world in Bosnia and Israel. Perhaps they are not moving in the direction we would like at this moment, but this was the year that Cyprus would be approached. Mr. Holbrooke was to be President Clinton's personal representative but, alas, that was not achieved.

• (1145)

Today we are facing a situation in which demilitarization of northern Cyprus is a serious problem and we do not have the resolution we had hoped for a few months ago.

As the member for Saint-Denis pointed out, many other nations have adopted the same motion we are debating today. The United States, Australia, New Zealand, the European parliament and the Canadian government through the Commonwealth heads of government meeting have agreed to support the essence of this resolution. Given our nation's distinguished history in the area of peacekeeping, is it not a logical step to support the demilitarization of Cyprus?

It is unfortunate and indeed tragic that we are debating this issue today because it does indicate a failure on the part of the world community and of the United Nations. Despite more than 20 years of commitments, security council resolutions, high level discussions, we are left without a solution. If we are to attribute the super politics of the cold war to these difficulties, what is the answer now? We must look at the intransigence of the Turkish Cypriot government and of Turkey, as the previous speaker indicated.

As Canadians we are convinced that peaceful negotiations are the only solution. Since the failure of the 1993-1994 negotiating sessions we as Canadians have made repeated calls on both parties to redouble their efforts to resolve outstanding differences. Clearly there is no single solution to this complex issue. However, as the president of Cyprus pointed out in a letter to Boutros Boutros-Ghali, the secretary general of the UN, demilitarization is a major step in reducing the anxiety and mistrust on opposing sides. Without it a continued arms build-up is inevitable and the consequences can easily be predicted.

Many people, Greeks and Turks alike, are excited at the prospect that for the first time there is a possibility of strong international support for bringing peace to this beautiful but dangerous island.

What is important now is not finger pointing but rather conciliation, a desire for peace and a resolution of this conflict. As a nation Canada can help achieve this by supporting the motion and sending a clear message to those two choose the status quo that such intransigence will no longer be tolerated.

Mr. Ted McWhinney (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I am happy to rise in support of the motion by my colleague from Saint-Denis.

I have a sense that I have been here before when I look at this resolution. I wrote on the Cypriot constitution of 1960, three decades ago, that it was an example of a perfect constitutional document conceived by the dry light of reason, but one had great doubts about its capacity to survive. Legalistic solutions are not viable in isolation from the society in respect to which they operate.

I knew the German scholar who was largely responsible for the 1960 constitution. The checks and balances were there, the perfect equilibrium of forces, but it did not work. I think it is an example of the optimism of the late 1950s and 1960s that solutions were possible by legal means without necessarily understanding the underlying social forces.

There are reasons why the motion by the member for Saint-Denis is timely and helpful at this stage. It is true in relation to conflict resolution that when the parties are at each other's throats and the blood is there it is difficult to arrive at rational solutions. There is a moment, however, when exhaustion and attrition step in and it is almost a truism that it is the time in which to move. One would have thought that after 20 more years of conflict this would be a good time for third party initiatives, particularly one as determinedly neutral in its application as the suggestion for a United Nations demilitarization and the replacement of the armed forces of the warring parties by a UN force.

• (1150)

UN peacekeeping is a Canadian development, a Canadian idea. Prime Minister Pearson suggested it first and he won his Nobel prize for basically suggesting that at the moment when the parties have everything to gain by solution it is right to offer a face saving device, interposing oneself as a neutral force between them.

If we look at the possibilities for Cyprus, of the accession to the European Union, which is conditional upon the peaceful process being attained, this is good for Cyprus. It is good for the plural communities in Cyprus. Therefore it is right to bring our efforts to bear.

There is a role for Canadians in this. One obviously is to offer our services as part of a United Nations force. The second, though, is to offer our experience in a country that is a plural society our solution in terms of constitution making. The thing that is very clear is neither the Westminster model, the British made in Westminster style federalism, which is too rigid in its a priori categories, nor the German model, the Bonn model of 1949, which was essentially used by German jurist Forsthoff as an inspiration for the 1960 constitution. Neither of these has the outlook toward pragmatic adjustments of conflict that our original Westminster model constitution of 1867 has developed through time.

I can see a role for a Canadian parliamentary initiative with the support of our Minister of Foreign Affairs in which we could say federalism is more than rigid a priori forms. It is a process. It can be achieved in stages, step by step, étapisme in the conventional terminology. We are prepared to offer on an all-party basis the help of Canadian parliamentarians in setting together the basis for institutional co-operation between the different communities on a basis of respect for the rule of law and due process in dealings between citizens. This is an example of federalism as process, federalism in motion, to which our Canadian experience is peculiarly suited.

I ask hon. members to express, as they have in this debate, their support for this excellent idea and its timing. It is right, the notion that a UN force should replace the warring parties armed forces, that we should offer help in federalizing the relations between the parties, not necessarily in terms of an ideal blueprint constitution they might find difficult to accept tomorrow but in terms of concrete steps through institutional co-operation in which we can provide our continuing effort and support.

The very good thing in this debate is that the speakers from all three parties, all main parties, have spoken as one in looking for a peaceful solution and in an approach with a very constructive spirit. This is something that should encourage our foreign minister in offering Canadian good offices and providing the bridge to the types of arrangements that have been discussed widely in all parts of the House.

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.): Mr. Speaker, I listened to some of the debate today. I am pleased to speak in support of this motion.

I read it into the record again:

> That, in the opinion of this House, the government should support all measures leading to the demilitarization of the Republic of Cyprus in such a way as to enhance prospects for a peaceful and lasting resolution of the dispute regarding Cyprus that would benefit all the people of Cyprus and bring about an end to more than two decades of division on the island.

I have heard from people in my constituency of the situation on the island, of the heartbreak, of the conflict, of the number of years of difficulty in that region.

• (1155)

In the debate today we saw an example of the international community on two accounts, first the international community in the recommendations it put forward, security resolution 939, which actually recommended a resolution process to the problem on Cyprus. Unfortunately on the international scene we have also seen an example of international complacency on an issue that has gone on for 24 years on this island.

Today we are debating something that hopefully will be a move toward the solution in areas of security concerns of the people who live on that island along with their friends and relatives around the world, hopefully a solution that will be a lasting peaceful solution.

There will be no simple solution, but perhaps to find the first step is what we are about today. That first step, the bridge to peace, may be and hopefully is the step of demilitarization on that island. Canada today has an opportunity to be part of that solution as it speaks up. As was just said, all three parties are in agreement for that.

Our party certainly feels private members' motions need to be taken seriously. We commend the private member who brought this forward. However, we do not feel that one hour of debate is enough for an issue like this or for anything a private member has worked on.

I ask for unanimous consent to make Motion No. 239 votable. It is an opportunity for all parties together to speak for peace in the world.

The Deputy Speaker: Is there unanimous consent to make Motion No. 239 votable?

Some hon. members: No.

The Deputy Speaker: There is not unanimous consent. The debate will end at 12.03 p.m. There being no further members wishing to speak, I will ask the hon. member who presented the motion to resume the debate.

Mrs. Bakopanos: Mr. Speaker, I thank all members on behalf of Canadians, especially on behalf of Canadians of Cypriot origin, for having supported this motion. It has been unanimously supported by both sides of the House. The government is supporting the motion. The minister, through the parliamentary secretary today, said it would be moving on the motion and asking the international community to support the motion.

Again, I thank all members for their support and for lending their voice to say enough is enough. Let this be the year for Cyprus, as an hon. member said. Let us work together to find a solution this year for the tragedy that has existed in this century.

The Deputy Speaker: The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

GOVERNMENT ORDERS

[*Translation*]

CRIMINAL CODE

The House resumed from June 14, 1996 consideration of the motion that Bill C-45, an act to amend the Criminal Code (judicial review of parole ineligibility), be read the second time and referred to a committee.

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, this government bill proposes to amend a single section of the Code—section 745. This section has been in effect since 1976, but was not first applied until 1987.

It allows a convicted murderer to present an application for parole after serving 15 years in prison. This recourse will be used increasingly as inmates likely to make use of it complete 15 years of their sentence.

• (1200)

At the moment, only 175 of the 2,085 persons convicted of murder have completed the 15 years of prison requisite to the presentation of the application. Of these, only 74 have actually exercised the right, and 63 have had a hearing before a jury. In 13 cases, the jury rejected the application to reduce the number of years of imprisonment without eligibility for parole. In 50 cases, the jury reduced the number of years.

What happens when the jury allows an application and reduces the number of years? The inmate may then apply to the National Parole Board, which will hold a hearing, hear witnesses, including the victim, and allow or deny parole. Of the 50 allowed to apply to the board, only 17 were granted full parole, six were denied parole altogether, eight were granted partial freedom and six are entitled to temporary absences.

As we can see, section 745 simply gives inmates the opportunity to seek a jury's approval to apply for parole earlier than scheduled. The period is usually 25 years in the case of first degree murder and 10 years in the case of second degree murder, which may be extended to 25 years by the trial judge on the recommendation of the jury.

Section 745 of the Criminal Code is an exceptional measure. However, the National Parole Board has final say. Therefore, section 745 is not, as some would have us believe, a wide open back door out. It is a glimmer of hope for those who redeem themselves. This measure is an incentive to inmates to behave responsibly during their incarceration.

In the opinion of the associate chief justice of the Ontario Supreme Court, this review process establishes a happy medium between the need to show clemency with respect to an offender whose conduct while serving his sentence is good, which may be conducive to rehabilitation, and the interests of the community, which demands that the act that led to the inmate's incarceration be condemned.

It is the only provision of the Criminal Code that gives citizens responsibility for a decision as to the just and equitable nature of a sentence. The Criminal Code as it now stands therefore provides for a judicial review mechanism that seems appropriate.

In 1994, the Liberal member for York South—Weston presented a bill aimed purely and simply at repealing this section. We in the Bloc Quebecois argued to keep section 745, but his bill was passed anyway at second reading by a vote of 136 to 103. However, the session ended before it went to third reading. On March 12, 1996,

the same bill was reintroduced in the House and is now before the justice committee.

Today the Minister of Justice is at it again with a proposal to keep this review procedure, but with a few changes. We are in favour of the proposed amendments because they maintain this recourse, with the addition of a few justifiable changes. It must be remembered that this section has not been amended at all since it was first introduced, in 1976.

First of all, the Minister of Justice is proposing that this recourse be dropped in the case of those found guilty of more than one murder. We support this measure, which creates a difference in treatment between someone who has killed one person and a serial killer. This is obviously entirely logical, at least in our view. Section 745 is intended as an exceptional measure, and it is understandable that a serial killer would be excluded from its application, as would anyone still posing a threat to society.

This amendment will make it possible in future to exclude the Fabrikants, Olsons and Bernardos. They will have to serve the sentence handed down by the court before being able to apply for parole. Furthermore, it is very difficult to see how a repeat offender or a serial killer could be successful in a request for judicial review.

● (1205)

It is appropriate to amend section 745 in this regard. This amendment will make it possible, and rightly so, to exclude from the application process those with very few chances of being paroled in any case. This measure will increase public safety and sends the message that murder is unacceptable.

The purpose of the second proposed amendment is to require that decisions of juries to reduce parole ineligibility periods be unanimous. At the present time, the application must be approved by two thirds of the jury. This will increase public safety and reduce the number of approved applications.

If there is unanimous agreement to reduce this period, a two thirds majority is enough to substitute a lesser number of years or to immediately terminate the ineligibility for parole. The two thirds rule is maintained when it comes to setting the number of years by which the ineligibility period is being reduced, which strikes a certain balance.

We support this measure because section 745 is an exceptional provision. The unanimity requirement highlights the fact that it is exceptional. Furthermore, should the application be turned down, the jury may, by a two thirds majority, set the time at or after which another application may be made by the applicant.

This bill requires that the jury be unanimous, but still allows the inmate to make another application after two years. Again, a certain balance is struck between protecting society and recognizing the inmate's efforts.

Finally, the last proposed amendment is that any review application be subject to judicial screening. This provision is obviously aimed at eliminating unfounded applications that have no reasonable chance of being approved. To do so, the judge reviews the application, the report from Correctional Services, and any other document submitted by the attorney general or the applicant.

The judge makes a decision based on the applicant's character and behaviour and the nature of the offence of which he was convicted. Although this additional step may initially appear to make the procedure more cumbersome, its purpose is obviously to avoid having to train a jury and to communicate with the victim to ask for information.

Should the judge decide that the applicant has shown there is a real possibility the application will be approved, the chief justice designates a judge of the superior court of criminal jurisdiction to empanel a jury to hear the application.

If the judge rules that the applicant has not shown there is a real possibility the application will be approved, he can set the period at or after which another application may again be made or decide that no new application may be made. The applicant or the attorney general may appeal to the appeal court any ruling made by the judge.

These three amendments will reduce the number of applications. With the exclusion of multiple murderers and the introduction of judicial screening, it is likely that only serious applications will be referred to a jury. And, by requiring that applications be approved by the whole jury, we can expect a more thoughtful decision. It will be up to the National Parole Board to make the ultimate decision.

In short, this bill gets our support because it maintains an appropriate recourse while trying to prevent any possible cases of abuse. In our view, however, there was no reason to disrupt House procedure to rush this bill through. This is pure improvisation. I must also tell you in closing that, as an exception, the justice committee will be sitting this evening to hear the justice minister, senior justice officials and another witness. The committee will also have to resume its hearings tomorrow, going into overdrive because time is running out.

● (1210)

I must say these hearings look like a travesty, the whole idea being to pass Bill C-45 as quickly as possible. Let us say it is really not standard procedure. That is the most appropriate term I can use in this place.

To say it as it is, the Minister of Justice left it to the last minute. We could certainly have started discussing this bill a few months back. The Standing Committee on Justice could have summoned witnesses. But no, instead the Minister of Justice chose to wait till the very last minute and to improvise.

Why? Could it be that he wanted to boost his image, an image recently tarnished by certain matters currently before the courts, in short, the Airbus affair? Perhaps. At any rate, we will let the public be the judge of that. I just wanted to point out that this is not standard practice. As far as I am concerned, a travesty of hearings is not standard practice for a Minister of Justice.

[*English*]

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, to set the record straight, the Reform members who will be speaking to this bill will not be splitting their time henceforth.

I am pleased to rise today to speak on Bill C-45, the legislation which was introduced by the Minister of Justice. The effect of the legislation will modify and not repeal section 745 of the Criminal Code of Canada.

At the outset, it is important to inform the House that I will not and cannot support the legislation. I can also say that my Reform colleagues, unless instructed otherwise by their constituents, will not be supporting the bill.

We Reformers were given clear instructions by our membership in Vancouver last weekend at our national policy assembly. Delegates to the assembly put forward a policy resolution to repeal section 745 of the Criminal Code. The policy resolution to abolish and not modify section 745 of the Criminal Code carried the greatest support of any resolution passed. It was supported by 98.8 per cent of the Reform delegates. The resolution has now been adopted as official Reform Party policy.

Reformers at the Vancouver assembly were unified in the vote to repeal section 745 because we recognize, as do most Canadians, that section 745 is a symbol of all that is wrong with the criminal justice system in Canada. Section 745, a provision which allows killers the right to apply for early parole after serving only 15 years of a life sentence, symbolizes the decay of the criminal justice system in Canada. Consequently, the majority of Canadians have come to view the criminal justice system as one where justice is granted to the criminal element of our society and contempt is shown to victims. This is a sad reality.

Reflecting on the last couple of years, I note that since 1993 the Reform Party has been asking the minister to repeal section 745. A former member of the government, the member for York South—Weston, introduced a private member's bill, Bill C-226 on March 17, 1994, which was reintroduced as Bill C-234.

The House of Commons voted at second reading to refer Bill C-226 to the standing committee. At that time 74 Liberals, including the transport minister, voted against the justice minister and supported the repeal of section 745. It is not just on this side of the House; those members who are reflecting the viewpoint of their constituents on the government side of the House want to see this section repealed.

Bill C-226 was buried in committee. Bill C-234 has not yet been dealt with despite a memo by one government member on the justice committee asking the committee to make this private member's bill a priority. No such effort is about to happen. It is not going to be a priority on the government side.

• (1215)

The justice minister has had the opportunity to abolish section 745 and has had almost three years to do so. That does not count the eight or nine years the Liberals sat in opposition. They clearly heard the views of constituents and of their members at that time. They have no excuse. Such action would be an important first step in restoring in the eyes of Canadians credibility to the criminal justice system. Obviously the justice minister does not have the strength of character to take substantive action. He can be assured that Canadians will remember this on election day.

The justice minister claims that the prospective legislation before this House will decrease the opportunity for killers to seek early release and parole. Let us examine this claim.

The truth about Bill C-45 is that if adopted by Parliament the proposed amendment to section 745 would effectively categorize murderers as good killers or bad killers. The effect of Bill C-45 is to say to Canadians that killers who murder just one victim are okay and are therefore entitled to another chance for freedom, whereas killers who murder two or three times or more are bad and should be punished differently.

When I think about this piece of legislation I turn to the province of Quebec and reflect on what happened at École polytechnique. How would mass murderer Marc Lépine be categorized by taking that many lives? Should we not have anther section for him? Should we not say that after five murders they are even worse than bad or after 10 they are on another list downward? It is unsettling to think of taking one life or 10 lives. One is too many and they should all be categorized the same.

I hear a different perspective from Canadians. My Reform justice colleagues and I have travelled the country speaking to rank and file citizens. What we hear from Canadians is a unified message that a killer who commits first degree premeditated murder ought not ever to have the opportunity for early release. Canadians tell us that at the very least, life should mean life. This is obviously a sentiment to which the justice minister is either

unaware, or more likely a sentiment which the justice minister has a vested interest in not being aware of.

Many polls and studies have been done across this country over time. The majority of Canadians, by far 75 per cent, would like to see the death penalty back. This government has a difficult time just dealing with early release of first degree murderers let alone ever introducing legislation that would execute a murderer. I find that unacceptable. If Canadians want to see the death penalty reinstated in this country, then they should have the right to voice it loud and clear and their government should follow through with legislation.

The fact that there no longer exists truth in sentencing for killers has outraged Canadians. Consequently a particular feeling is finding its way into discussions in coffee shops and at dinner tables. The feeling is that the return of capital punishment is desirable and necessary in the case of first degree premeditated murder and it should be swift.

The Reform Party has pledged to allow Canadians to express their democratic will in a binding national referendum on the issue of capital punishment. We believe that Canadians should have the final say as to whether villains like Clifford Olson and Paul Bernardo deserve to live comfortable lives in prison receiving the amenities of colour TV, free education, three square meals a day and much more.

● (1220)

When I think about it, our prison system is absolutely disastrous. To cater in any way other than providing the bare necessities for existence to any of these low life individuals who have taken someone's life is reprehensible. Yet this minister and the solicitor general along with their friends support it.

Canadians know the justice minister's perspective regarding capital punishment. Indeed, the changes proposed to section 745 are a testimony to his belief that even 25 years behind bars for child killer Clifford Olson is much too severe a sentence. I have heard the minister say often in the House that to even send anyone to jail is a waste of a life. That is shared by his colleague who also introduced this bill some years back. I do not believe that is acceptable to most Canadians.

We know this is the true feeling of the justice minister because nothing contained in the legislation he proposes in Bill C-45 will stop Olson from applying for early release under section 745 in August, two months from now. I will return to this subject in a moment.

I have served in Parliament for more than two and one-half years now and I have observed how the justice minister conducts business. It is obvious that instead of listening to victims groups, rank and file Canadians, police officers or prison guards, the justice minister bends his ear to special interests, legal aid defence lawyers and other left wing, soft on crime special interest lobbies. That is probably not a complete list when it comes to special interests. Victims groups in this country are growing and those groups that support them are growing.

I had an opportunity to listen to Mrs. Debbie Mahaffy in Hamilton on Friday. She will not give up the fight to see justice done after her experience with the death of her daughter. I intend to support her whenever and wherever I possibly can, as I know my colleague from Crowfoot will. Mrs. Mahaffy has a message to deliver which is worthwhile for all Canadians to hear and pay attention to. I am going to support her and I trust my colleagues in the House will also.

It is obvious that the justice minister has attempted to mislead Canadians into believing that his government has the broad support of victims with respect to Bill C-45. That is absolute nonsense. The opposite is true.

On Friday I participated in the Hamilton East rally, the riding vacated by the disgraced Sheila Copps. Mrs. Mahaffy spoke of her daughter Leslie who was brutally raped, tortured and murdered by Paul Bernardo. She told those in attendance that the justice minister had telephoned her shortly before announcing the changes to Bill C-45. Mrs. Mahaffy's response was to ask the justice minister how he could sleep at night knowing that his proposal in C-45 would do nothing to stop Clifford Olson and most other killers from applying for early release under section 745. She wondered, as do most Canadians, on what grounds the justice minister would argue that most first degree murderers deserve to walk our streets again as free men or women.

Many of my colleagues have spoken to the technical failures of Bill C-45. I too would like to speak at great length to the failures of the bill. However, due to the time for debate on this issue, I would like to explore another line of argument. I will share with the House two personal examples which illustrate why section 745 of the Criminal Code must be abolished and not modified, and consequently, why Bill C-45 is a half measure.

● (1225)

Prior to the election in 1993, I served for 22 years as a police officer. I was on duty on May 24, 1977 when my colleague, Constable William Shelever, was shot in the back of the head. His assailant, Roy Glaremin, also shot and injured another constable that night. Glaremin applied for judicial review under section 745 in 1993. He has initiated proceedings for another review later this year. Lawyers tell me that he will likely be successful this time around. Nothing contained in the proposals brought forward by the justice minister will stop Glaremin from seeking early release.

The bare truth about section 745 of the Criminal Code is that nearly 50 of the last 60 murderers who have applied for early parole hearings using section 745 have had their eligibility period reduced. That is an 80 per cent rate of parole success for killers seeking release under section 745. At least 18 of these murderers have had their parole eligibility reduced from 25 to 15 years. Most of these killers were imprisoned as first time murderers and therefore are all eligible for early release under section 745. Nothing contained in Bill C-45 will change this reality.

I would also note, on the point of application, that a first degree murderer will not apply directly to a jury but now has another hurdle to jump. Application has to be made to a superior court judge, but at what cost? Bill C-45 contains a royal recommendation, a nice sounding term which means additional money will be expended. The appeal rights of section 745 applicants have been expanded through this bill. The applicant can appeal to a court of appeal on any determination or decision made by the superior court judge. Applicants have a right to apply for a judicial review more than once. It has created another level of bureaucracy within the judiciary, within this hearing process.

I sat as immigration critic for several months. It became obvious that the layers and layers of appeals were benefiting only one group. No insult to yourself, Mr. Speaker, or any other lawyer in this country, but it only fed that particular group, the most sophisticated of all lobbyists. Who has the ear of the justice minister? Who has the ear of the immigration minister? Who has the ear of the solicitor general? It is not the people of this country, Canada. That has to change but it will not change under this government. It is expanding that type of process, the judicial role of the courts, in the whole justice industry. It will get more burdensome as time goes on.

To claim that the justice minister's tinkering with section 745 will toughen up parole standards is false. It has been engineered to mislead Canadians into believing that real action has been taken to keep murderers in jail. The truth is that the justice minister has no intention of getting tough with criminals. His section 745 proposal is evidence of that fact.

I want to state for the record that the Reform Party will accept nothing less than the full repeal of section 745 of the Criminal Code. The proposals put forward by this Liberal government do not properly address the concerns of the majority of Canadians. Anything less than a true life sentence is completely unacceptable where the killer has committed premeditated first degree murder.

Section 745 is anything but a faint hope clause. Rather, it is the sure bet clause or the sure bet law for killers. It must be repealed and scrapped, not modified and not tinkered with. We will accept nothing less.

• (1230)

Another reason that illustrates why section 745 must be repealed is the case of Clifford Olson. Last April this serial child killer sent me a sneering personal note in which he boasted about his prospect for early parole under section 745. In his letter Olson wrote: ''I'm getting out, Art. Quick, get section 745 repealed. Smile, sucker''. The note was signed in type: ''Yours truly, Clifford Olson, the beast of British Columbia''.

Later this fall, Clifford Olson will have served 15 years of his multiple life sentences for mass murder and rape, sentences which are being served concurrently. He will make his application for early release under section 745 on August 12.

The case of Clifford Olson clearly illustrates that anything less than a true life sentence for killers, whether they are one-time murderers or multiple murderers, is completely unacceptable. Life should mean life.

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I appreciated hearing the member for Calgary Northeast discuss Bill C-45. He spent considerable time talking about repeal of section 745 of the Criminal Code.

He also mentioned a meeting in Hamilton where people had gathered to discuss crime. I sense, as does he, that a lot of Canadians are not happy with the slowness of the current government to reform the criminal justice system.

It must be confusing for Canadians. Does the member think Canadians understand the funny signals they are actually getting from this House? When we voted on a private member's bill to repeal that part of the Criminal Code several Liberal members voted in favour of it. That legislation was moving along very quickly.

Suddenly we have another piece of legislation, also from the government side, this time from the minister, which would not repeal that section of the Criminal Code, but would categorize murderers into multiple murderers versus single murderers. It almost says that some types of murder are not as reprehensible as other types of murder.

I know the hon. member is out talking to the public about justice issues. What kind of signals are Canadians getting? Do they understand what is happening here in the House? Are they confused? What are they saying about the legislation brought down by the justice minister versus the private member's bill from the government side which actually calls for the repeal of that section of the Criminal Code?

Mr. Hanger: Mr. Speaker, I thank the member for his question.

The debate around section 745 has been intense for the last two to three years, and definitely the last two years, since the member for York South—Weston introduced his private member's bill to repeal that section. That is the view which most people have. They would like to see section 745 gone.

Even beyond that, I will refer again to the studies and polls that have been taken for several years. People in this country would like to see the reinstatement of the death penalty for first degree, premeditated murder. That is the feeling I am picking up, not only in Hamilton, definitely in Toronto and in most large centres across the country. Everywhere people want to see some teeth and punishment put back into the system, and it is not happening.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, I would like to ask the hon. member who just spoke if he could explain the reason why the members of the Reform Party will vote against the amendments put forward by the Minister of Justice—that is what we are led to believe, given that they are in favour of repealing all section 745—while at the same time wanting this House to pass this bill as quickly as possible.

I would like to know what the reasoning is behind the Reformers opposing the bill, when at the same time being prepared to help the Minister of Justice ram this bill through.

[*English*]

Mr. Hanger: Mr. Speaker, it would absolutely be beneficial to have more opportunity to debate the bill.

Let us turn it around and put the blame on the shoulders of the people who should have the blame placed on them. That is government ministers introducing legislation 10 days before the House rises for the summer. They are the ones who are responsible for cutting short this debate. The minister, the solicitor general and the Prime Minister know full well that no time was offered to have a proper debate on this bill. They have rammed it through. They have forced an inflexible situation.

• (1235)

I know the member is in favour of this bill. Be that as it may, she may not be reflecting the viewpoint of her constituents. I do not know. The majority of people to whom I talk want to see this bill scrapped. That is why we are voting against it as a party.

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, for those who are watching on C-span and the parliamentary channel I would like to outline briefly what we are debating. This is a debate on Bill C-45. Bill C-45 has been brought into place to make some changes to section 745 of the Criminal Code which allows for early parole for convicted murderers under certain circumstances.

In 1976, about 20 years ago, Parliament abolished capital punishment. When it did so it also said that there would be no eligibility for parole for 25 years for individuals who were convicted of first degree murder and 10 years for second degree murder. This change in how murderers were treated in 1976 is background to our debate today on Bill C-45.

Under section 745 of the Criminal Code, which was also brought in in 1976, in addition to first degree murderers not being eligible for parole for 25 years of a life sentence there were certain provisions brought in which would allow a convicted murderer to apply for early parole. The application would be heard by a 12-member jury from the community and this jury would look at things like hope for rehabilitation, protection of prison guards and the public interest in order to decide whether a convicted killer should be eligible to apply to be let out early from a life sentence or 25-year sentence.

Bill C-45 is a change to this process whereby convicted murderers can apply for early release from their sentences. This amendment is designed, according to the justice minister, to focus the operation of section 745 more narrowly. In other words, it would apply less broadly and to less convicted offenders and also, according to the justice minister, it would apply in ''only the most deserving of cases''. The justice minister so far has not explained what he means by a deserving murderer but perhaps the public can get him to do that at some point.

Bill C-45 does three things. First, no longer will convicted murderers have an automatic right to apply for early parole under section 745. A first degree murderer will only be able to apply if he or she has committed only one murder. If he or she has committed multiple murders then application would first have to be made to a superior court judge. That judge would have to decide if there is a ''reasonable chance'' of success for the application for early release before the application could be heard by the 12-member jury that I mentioned before.

The second change is that the 12-member jury, in order to approve an early release, would have to reach a unanimous decision instead of only two-thirds, as is now the case. That makes it more difficult, it is a little higher bar for the offender to jump over.

• (1240)

Third, after Bill C-45 comes into effect, multiple murderers would not have a right to apply under section 745 for early release. In other words, they would serve their full sentence of 25 years. Those are the three changes proposed in Bill C-45.

I would like to like to spend the bulk of my time talking about what Bill C-45 does not do. I have talked about its history a little. I have talked about the three things it does, but there are seven things it does not do. I believe these seven things are very important to Canadians.

The first thing Bill C-45 does not do is respond to a clear demand of two things from Canadians. The first is a much tougher response to people who violate the rights of others, particularly to the extent

of committing premeditated murder, cold bloodedly, with malice aforethought: the deliberately planned extinction of an innocent person's life.

Canadians are fed up with the weak-kneed approach to this kind of incredible violation of the rights of law-abiding citizens. In my home town of Calgary, 35,000 readers of the Calgary *Sun* clipped a coupon, signed it, demanding the repeal of section 745 of the Criminal Code, and mailed it in. That is 35,000 people in one city who responded to one opportunity to voice outrage and demand for change.

At our Reform Party assembly two weekends ago, members voted 98 per cent for the repeal of section 745. Even in this House, as other speakers have mentioned, many members voted for the repeal of section 745. Therefore, Bill C-45 has ignored the multiple and clear direction of the citizens of this country.

Justice is really the reflection of society's response to the violation of the rights of other people. Society is demanding a response that its justice minister, its elected government, is ignoring and flouting in this legislation.

The second thing this bill does not do is demonstrate society's repugnance and repudiation of murder. As most know, polls and surveys of Canadians have clearly and consistently shown that there is a feeling in society that when one of its members violates the ethics of society to the extent of deliberately taking an innocent life, the offender's life should be forfeited.

They are asking for the return of capital punishment yet we have not been able to have a debate on that important issue, although there are strong feelings and arguments on both sides. It is something Canadians are demanding in order to show their outrage against this kind of activity, and it is something they have not been given.

Society has also been awakened to the fact that since 1976 and since these applications for early release have been put into place, a life sentence does not mean a life sentence at all. Life does not mean life. Life means, at best, 25 years no matter how vicious, cold blooded and repugnant the crime might have been.

Sometimes it means only 15 years. Of the murderers who apply for early release under this provision, 80 per cent are given a reduced sentence. What we are saying, in that kind of response, is that society views murder as an innocent life being worth 15 to 25 years maximum of a murderer's life. That does not demonstrate the kind of repugnance that many Canadians are telling me about. They want that message to be sent.

● (1245)

The third thing the bill does not do is ensure truth in sentencing. Paul Bernardo, for example, was given a life sentence with no possibility of parole for 25 years, except that there is a possibility of parole. It is not a life sentence, it is a maximum of 25 years. He can apply to have that sentence shortened. There is no truth in sentencing.

Families, friends and supporters of the victims said at least the guy was put away. He will never walk the streets again. His freedom and his ability to be accepted by society have been totally cut off. They have woken up to realize that is not true. There is no truth in sentencing. Life does not mean life. Twenty-five years does not mean 25 years.

The fourth thing the legislation does not do is hold murderers responsible for their murders. It suggests some murderers are less responsible than others. It says that if there has been one murder committed the murderer will receive some consideration. Only if there are multiple cold blooded murders will the consideration be reduced. There is no justification. There is outrage that this could even be contemplated.

If Clifford Olson had killed only one young child from his community, according to this legislation he would be deserving of consideration. However, because he killed more than once, his privileges and the consideration he will be given will be reduced. If Paul Bernardo had tortured, confined and killed only one young woman he would be thought to be more deserving.

What does this say about our society? A murder is a murder. A life is valuable. The value is not predicated on the quantity. It is the quality of one life we should be protecting.

Fifth, the legislation will still allow people such as Clifford Olson and Paul Bernardo to apply to a superior court judge to have their sentences reduced. These are individuals who have totally outraged any laws of society. They have violated the very basis on which we have government. Government is for the protection of the life and property of citizens. Here are two individuals who have totally violated the entire basis on which we organize ourselves as a society and yet they will still have the right to make their pitch to have their penalty reduced. They will be able to argue before a superior court judge.

There are two points to be noted. The superior court judge, in order to allow the application to proceed, must be satisfied that there is a reasonable prospect of success. What does this reasonable prospect of success mean in practice? It has not been defined. What criteria will the judge use? There are no guidelines. Does this mean the judge must examine the convicted killer's actions or attitudes in prison? Does the judge look at the killer's childhood or schooling? What role does the victim's family play in all of this, because these considerations are to be made on written criteria? Do the victim's family and friends count at all? Will they be heard? This legislation provides no answers to these questions.

Not only that, when the superior court judge makes his or her finding of a reasonable chance of success, if that finding goes against the convicted killer it can be appealed. There will be extra money allocated to cover the cost of the appeal. Once again we have a more convoluted process. More layers of judicial process will be put into place. This is for the protection and the consideration of people who have already been found to be cold blooded killers of innocent people. Shame on us for allowing that kind of thing in the House and for going along with it when there is a decisive, clear step supported in the House which could have put an end to this nonsense once and for all.

• (1250)

Sixth, Bill C-45 has been introduced in such a way that it does not allow for proper debate and examination of this measure and the consideration surrounding it. The bill was introduced just last week. The House is slated to adjourn this week. In that short space of time the House must debate it at second reading, examine it in committee, complete with witnesses, propose amendments and improvements to the bill in committee and come back to the House for final reading and debate and passage.

At the same time we have other pieces of legislation that need to be cleared from the table during this session. Is the government taking its responsibilities to Canadian citizens seriously when legislation which is so fundamental to the interests of Canadians is brought in at the 11th hour with other important legislation on the table? Clearly the process is not able to deal with it adequately, have it examined by experts, commentators, the pros and cons thoroughly looked at, letting the public know why it was brought in instead of the total repeal of section 745. No, it is done almost off the cuff. That is no way for a responsible government to deal with substantive legislation in Parliament.

Finally, the bill does not satisfy the demands of justice on behalf of victims. There are people who have lost loved ones, sons, daughters, husbands and wives, brothers and sisters, in the most inhumane and horrible ways. The least these people expect from their government, their justice system and from society which is to protect them is justice, something they can point to and say this terrible thing was done but it was met with a just response.

Instead we have a bill before us which states if you kill only one person deliberately, you are entitled to quite a bit of consideration and will probably only spend 15 years in jail.

I was at a candlelight vigil a couple of weeks ago in Calgary for families of victims of violence. Many had loved ones who had been murdered, including Darlene Boyd whose daughter was murdered, and Bev Smith and others. I saw the pain, anguish and turmoil of these people whose loved ones had been deliberately and brutally taken away from them. I saw their anger and frustration with the justice system and the weak response this terrible act has called forth. It made me understand a little better why we in the House need to be much more serious in our response and treatment of the people who would violate the rights of law-abiding citizens.

It is our view that the law must be seen to be working for all Canadians, including the victims of crime and their families. There is simply no reason to maintain early release for the criminal, because there is no release for the survivors of these victims.

Mr. Paul Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, we have heard Liberal members say life is life and that all we are discussing here is where the life sentence shall be served, whether it is in custody or in the community under parole supervision. Certainly if someone has been released on parole they will still serve their life sentence. They will be on parole for the balance of their life.

As a former parole officer I can talk about the limits and the difficulties of trying to enforce a useful parole supervision, especially on particularly manipulative offenders. People must understand what parole supervision is. The average parole interview is a half-hour interview in an office every month.

• (1255)

If we are to look at intensive supervision, perhaps a half-hour to an hour interview once a week in a community office with the odd check-up on someone's place of residence or where they are employed, and when we are talking about sophisticated serial killers out on parole, people have to understand what community supervision means. It means checking up to ensure the person is also going to their drug and alcohol program or seeing their psychologist.

However, it is of great concern that those who get out on parole have very intensive supervision and that they will serve their life sentence on parole. The public has to understand the nature of that supervision.

This bill proposes that the initial merits of the application to change the parole eligibility date from 25 years down to something lower will go before a judge. The judge will have to rule and give reasons for judgment. Does that mean now, because we are in a court process, the rule of law applies because it certainly brings in the element of appeal? One side or the other can appeal and if there are errors in law, we all know how lawyers can split hairs on those issues. They can always find some error in a law that makes it perhaps an avenue for appeal. Will we have nearly every one of these being appealed all the way to the Supreme Court of Canada? Of course in those kinds of situations would not the taxpayer be paying for all the court costs of the offenders?

This whole element of appeal is undefined, as far as I am concerned, and I want to know if the member has any further explanation as to the possibility of that.

Mrs. Ablonczy: Mr. Speaker, Bill C-45 contains what is called a royal recommendation, an allocation of additional moneys toward the implementation of the measures in the bill. The money will be used to fund applications for appeal from the superior court judge who in the first instance may have turned down the original application. This can be appealed to a ruling by a higher court, and those appeals have to be funded.

The costs and the process will be expanded under this provision. It is difficult at this point to say how it will work in practice because it is a matter of legislation at the present time. However, these things do have a habit of having consequences that were probably not intended, to be fair to the legislators, and certainly that sometimes cannot be foreseen. The consequences definitely do cause expanded costs and expanded court time.

Mr. Glen McKinnon (Brandon—Souris, Lib.): Mr. Speaker, I know the proposals being put forward by hon. members opposite are in the interest of the national good or in their view of the national good.

My concern is whether there are any data available on extent that section 745 is actually used on an incidental basis. How many times it has been used, how many people have had their sentences shortened and, if so, what has been the outcome of that shortened sentenced?

Mrs. Ablonczy: Mr. Speaker, there are data on the use of section 745. I mentioned in my speech that 80 per cent of individuals who apply under section 745 for a review of their sentence have been granted some reduction in their sentence.

The question we have to ask ourselves as legislators is that in the cases where someone has deliberately taken the life of an innocent, law-abiding citizen, is it right, is it something we should countenance and is it something we should allow and promote to give these people an opportunity to have the penalty they have been given for that kind of action reduced and have all of the mechanisms in place to allow that. That is really the question before us. I think the Canadian public says no. Many of our members say no. The government is saying yes and that is what we are objecting to.

• (1300)

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, I am pleased to address Bill C-45 introduced by the Minister of Justice on June 11. I have been looking forward to speaking on this bill.

Bill C-45 is of grave concern to all Canadians and to members of Parliament, considering we dealt with scrapping section 745 in the private member's bill by the hon. member for York South—Weston. The bill passed through second reading and spent about 17 months in committee. We were wondering why the Liberals did not bring that back.

The amazing thing about Bill C-45 is the sheer audacity of the Minister of Justice to think that he can sucker the Canadian people into thinking he and his government are actually doing something about section 745 of the Criminal Code. There is nothing happening and this bill was redundant even before it came before the House.

The bill would amend section 745 of the Criminal Code, the so-called faint hope clause. The only faint hope is that the Minister of Justice and the Liberals will ever deal with the criminal justice system, sentencing and parole in the way Canadians want. That is the faint hope. The real hope is that one day the Reform Party will replace the members over there and we will get some real changes to the Criminal Code. That is the real hope.

Section 745 as it now stands permits lifers after serving 15 years to have their parole ineligibility reviewed. These are people who have been convicted of the heinous crime of first degree murder, people who have savagely taken another human being's life, people who without hesitation and with premeditation have wiped out a human life. This section deals with lifers, those convicted to life. Life of course to the Liberals means 25 years. I think Canadians believe life should mean life. In other words, if you take a human life in a savage crime you should spend the rest of your life behind bars, get out of society because you do not belong there.

Section 745 gives an opportunity to those currently convicted of first degree murder to have their parole ineligibility period reduced after serving 15 years. In other words, they can apply for parole after 15 years if they have received a life in prison sentence for a savage crime like murder.

There is no question that something had to be done about this section of the code. Like many other justice reforms that have been undertaken by the Minister of Justice and this Liberal government, this bill does not bring about the change in any way, shape or form that Canadians have been asking for. It just does not do the job.

We have seen it time after time from this minister and the Liberal Party where they tinker with sections of the criminal justice system but nothing really ever gets done. They try to fool people in the same way they are trying to fool Canadians with regard to Bill C-45. This is a redundant piece of legislation before it even begins and I will address that a little further in my presentation.

The Minister of Justice and the Liberal government continue to ignore the cries, the demands, the pleas from the Canadian people to get tough on people, in particular, savage murderers. Get tough on the criminals through the justice system, through the Criminal Code.

The majority of Canadians want section 745 repealed. I really believe that. The majority of Canadians also believe that life should mean life. It is only soft-headed Liberals that can interpret life as 25 years or 15 years or maybe even 10 years. Where does it end? While Canadians believe life should mean life, and while Canadians believe that savage murderers should be treated appropriately in sentencing, the minister does not believe that, not this Liberal minister, not those Liberals across the way, save for a few of them.

• (1305)

Bill C-45 demonstrates how the minister believes that life should mean life for the bad murderers, those who would kill more than one person, but not for the good murderers, those who would stop at one. When we analyse the minister's thinking, one wonders whether in fact the Prime Minister perhaps erred in his choice when he picked him. We have seen nothing but weak-kneed bleeding heart pieces of legislation by the justice minister which do not deal at all with the concerns of Canadians.

Let us get to the redundancy. Bill C-45 would outlaw section 745 reviews for those who commit multiple murders. This provision is absolutely redundant. Multiple murderers do not get out now. Historically they never get out of jail. What on earth is the Minister of Justice trying to pull here? Is he trying to tell Canadians that in spite of the fact that multiple murderers never get out now, this clause is going to ensure that they will never get out? Big deal. They are either getting out early or they are not. The fact is that they are not. What is the use of the bill?

The use of the bill, once again, is that the Minister of Justice is trying sucker Canadians, is trying to mislead them into thinking that the Liberal government cares about what Canadians are feeling. That is the purpose of the bill. Unfortunately we have a minister who is not being honest with the Canadian people.

To talk about multiple murderers again, I introduced a private member's bill last year that would have looked after this. It called for consecutive sentencing for those who are convicted of one or more crimes. If the government had not been so afraid to deal with that bill, the minister would not have had to bring in Bill C-45 because consecutive sentencing for multiple murderers would have looked after this. It would have ensured that they never got out.

Those who kill only one person are entitled to a section 745 review. Now the minister is telling us that he has the ability, he has the vision to pigeon hole murderers into good murderer or bad murderer categories. That is an absolutely audacious way to think.

I have to ask: Is one life any less precious than three lives, than two lives, than five lives? Is one life any less precious? Does the destruction of one life have any less effect on the victim's family and friends? It seems the minister believes it is okay to allow them to go through the torture of a section 745 review: If a murderer kills just one person, then let us allow them to go through the review; let us bring in the victim's family and friends so they can relive this thing over again, so they can see and hear about this savage beast that has taken the life of one of their family members or friends.

The minister must think that is all right because that is the line he is trying to peddle us today. However, it is not okay in the minister's judgment, which is questionable at best, to allow the family and friends of a victim of a multiple murderer to go through a section 745 review. No, it is not okay to do that. If someone kills five or six people, the victims' friends and families should not have to go through the review, but according to the minister it is okay to put the victim's family and friends through it if just one person has been killed.

• (1310)

That is the justice minister's logic. There is no rationale to it. Is the family of one victim somehow better to handle the rigours of reliving its worst nightmare during a section 745 review? Is that what the minister thinks? Only the Minister of Justice can answer these questions. Think about it. Only this minister would have the audacity to create categories of murderers, some deserving of leniency and some not. Only from this Liberal justice minister. If defies all imagination.

This is only part of Bill C-45. There are two other amendments to section 745. One of the other amendments would assure that those entitled to a hearing would first have to be screened by a superior court judge. The judge would look at all the facts and determine if the applicant had a chance of success before allowing the hearing to proceed.

Under the present system murderers are automatically entitled to a section 745 review. Considering that over 72 per cent of section 745 applicants are successful in having their parole ineligibility period reduced, it is highly unlikely that judges will be rejecting a great deal of the applications. The history has been set for these reviews.

Let us remember that judges are appointed in this country. Generally speaking, but almost 100 per cent of the time, the judges who are appointed tend to reflect the philosophy of the government of the day. We can be sure the Liberal government has its own judges out there reflecting its philosophy. We have seen the sentencing.

Referring to Bill C-201, in this country people can drive and people can drink. They can kill one, two or three people and receive about three years for that crime, that 100 per cent preventable crime. This is because the judges are reflective of this Liberal government's philosophy. When I brought the bill before the House, the Minister of Justice instructed his parliamentary secretary not to allow any members of the Liberal Party to speak in favour of it. Why? Because the Liberals do not want public

awareness raised to the point that they will have to make some meaningful changes. That is why.

That is why the Minister of Justice will not let his members speak in favour of bills that reflect the thinking of the Canadian people. That is why the Minister of Justice is hog tying his fellow members who support stiffer sentencing and stiffer methods of dealing with criminals. It is because it is not in their philosophy.

It goes back to the Pierre Trudeau days. When Mr. Trudeau and his government came to power all of a sudden individuals were not responsible for their actions; it was society that made them that way. That philosophy is still embedded deeply in every one of those Liberals who are sitting across the way, save for a few of them who have their heads screwed on straight.

The minister constantly inserts cosmetic changes in an attempt to make it appear as if he is toughening up the section. The insertion of these new procedural hurdles is not the kind of change Canadians are looking for. It simply does not and will not do the job. They do not want a system where murderers simply have to jump through a few more hoops to get out of prison, when just a few cosmetic changes will make it okay for them to be released. They do not want a system that deals appropriately with criminals. The Liberals do not want a system that reflects the feelings of Canadians toward criminals. Canadian want them put in jail forever when they savagely take the life of someone. But not this minister and most of the Liberals across the way.

• (1315)

Canadians want killers incarcerated for a minimum of 25 years. As a matter of fact, if the government had the guts to hold a national referendum on the death penalty for first degree murder, it would find that an overwhelming number of Canadian would vote in favour of it. But not these Liberals and not this Liberal Minister of Justice. They simply do not have the guts to deal with reality because it conflicts with their Trudeau-like philosophy.

Canadians want section 745 abolished, killed, scrapped just like they wanted done with the GST. They want section 745 taken out of the Criminal Code. If someone is sentenced to prison for savagely taking the life of another person, Canadians want them put in jail forever. Liberals cannot deny that. They know it but they are afraid to act on it because they have no backbone.

The last amendment offered in the bill ensures that juries hearing a section 745 application would have to be unanimous in their decision to reduce an applicant's parole ineligibility period. The present system only requires agreement among two-thirds of the jurors for an application to be successful.

We currently have an unbelievable condition which was established in 1976 by, guess who? A bleeding heart Liberal government. Many of those members from 1976 are still dictating this bleeding heart philosophy about criminals.

The new requirement is an improvement over the current system, but the fact remains that section 745 should not exist. It should be out of there. At second reading of a private member's bill the House voted overwhelmingly for the bill to go forward. The Liberals voted for it. Where is it now? It is stuck in committee and it will probably get buried there because the government has no guts.

Mr. Hanger: No free votes either.

Mr. Harris: On December 13, 1994 the House voted in favour of sending Bill C-226, sponsored by the member for York South—Weston to the justice committee. That member had the good sense to leave that party and sit on the other side of the House recently. We commend him for his good judgment. He knew what the government said about the GST in the last election. His integrity would not allow him to sit with the Liberals while they continued to mislead the Canadian people about the GST. What they said before the election, what they said in the red book and what they were saying verbally door to door did not always agree.

His bill called for the repeal of section 745. Some Liberals and other members in the House voted for it. Where is it? It is buried in committee because the justice minister does not have the guts to deal with it.

Actions that the majority of Canadians support do not mean much to this justice minister or the Liberals. What matters is the personal agenda of the Minister of Justice and the Liberals who are giving him advice.

CAVEAT wants the section repealed. Victims of Violence want the section repealed. Canadians want the section repealed. However, the justice minister, for some reason, does not want it repealed. Why is that?

When is the government going to govern the way Canadians want them to govern? When will they start listening to Canadians? When will they come down from their ivory towers and listen to the people? When will they repeal section 745? No one with half a brain could support this half-baked piece of legislation, which is redundant, before it even came to this House?

• (1320)

Mrs. Diane Ablonczy (Calgary North, Ref.): Mr. Speaker, I have some follow-up for my colleague about the matter of multiple murderers and others applying, in the first instance, to a superior court judge for a reduction in their parole ineligibility.

As I understand it, a royal recommendation has been attached to this bill to cover the additional administrative costs to be occasioned by the provisions of the legislation. I also understand that there will be avenues of appeal open to convicted murderers that are not open presently.

If a convicted murderer appears before a jury asking for a reduction in their parole ineligibility and the jury finds against them, there is no appeal from that. There now will be an appeal from the superior court judge. The appeal could presumably be carried all the way up to the Supreme Court. These avenues of appeal must be publicly funded.

A royal recommendation has been attached to this bill. I wonder if the member has given any consideration to the linkage between this royal recommendation and the new avenues of appeal that were not previously available to convicted killers. Can he give us some idea of what the linkage might be?

Mr. Harris: Mr. Speaker, the royal recommendation that the member has just spoken about provides additional funding to facilitate these appeals.

One of the things we have been saying throughout the debate is that if the government had the sense of what the Canadian people want, and had the backbone to deal with first degree murderers in a way that is appropriate, it not only would satisfy the concerns, the needs and the demands of the Canadian people but it could also save the taxpayers a ton of money. There would be no appeals.

That is the point that Reformers have been trying to make. That is the point that the member for York South—Weston tried to make in Bill C-226. Get rid of section 745. That way there will be no appeals. Life would mean 25 years. There would be no appeals.

Taxpayers would be saved millions and millions of dollars and murderers would be kept off the streets for at least 25 years, reducing the chance of someone getting out early and killing again. We would satisfy the demand of the Canadian people that, when a human life is taken with premeditation, justice would to be served and the sentence would be appropriate.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, I would like to ask the member about the timing of the introduction of this bill.

Reflecting back to just prior to the rising of the House last summer, the government presented legislation that dealt with DNA. It gave police departments another tool to track and determine the guilt or innocence of rapists and murderers. It certainly was an advantage for law enforcement.

At the time the bill came forward, it was rushed through during the dying days of the session before the summer. It fell short of doing a complete job. Police departments could not bank any of the evidence. To this day, they still cannot and it has been a year since the legislation came in. The justice minister never consulted with the solicitors general and justice ministers of the provinces. As a result of that, the considerable costs were downloaded on to the shoulders of municipal police departments as well as provincial attorneys general and solicitors general.

• (1325)

I would like to ask the member, given the process as it was last year with the DNA bill, how he views this legislation which again is being introduced in the dying days of Parliament. Was there justice done in debate? What is the feeling he is getting from his constituents? It is important that members of the House, and members of the Liberal government, in particular, hear what is going on out there. They seem to have their heads buried in the sand so that these bills can be rushed through all their stages.

Mr. Harris: Mr. Speaker, the answer to the hon. member's question is that it is just plain, old-fashioned political trickery.

The government knows that the DNA bill, which was introduced at the end of the last session, was badly flawed. It did not want to give the Reform Party an opportunity to point out all the weaknesses and inequities of the bill. The government did not want to hear our suggestions to make it better.

The Minister of Justice is doing exactly the same thing with this bill. He knows that this is a weak bill. He knows that the bill is totally redundant. He knows that multiple murderers do not get out of prison anyway. He knows that he is just trying to fool the Canadian people into thinking that he is actually doing something.

The reason he has introduced the bill now, with the House probably rising on Friday, is that he does not want to give Reformers any time to debate the issue appropriately. He does not want the debate to stretch out to the point that, heaven forbid, concerned Canadians might get some sort of an idea about what the minister is trying to do. He is playing make-believe that the bill will do some good.

By introducing it at the end of the session, as we are about to rise, he has taken away the time for meaningful debate, which is certainly warranted in this case.

Mr. Julian Reed (Halton—Peel, Lib.): Mr. Speaker, I would like to ask the hon. member if he knows how many of those who were released under section 745 went on to commit murder again.

Mr. Harris: Mr. Speaker, I know there have been murders that have taken place after someone was released. I would be happy to send the member the figures.

The fact is that under section 745 if even one more murder is committed by someone who has been let out after only 15 years, that is too many. The Canadian people have been saying: ''Do not let them out''. The Liberal member knows that. The justice minister knows that one is too many. If a murderer savagely takes the life of a person they should spend the rest of their life behind

bars. If the Canadian people had their way they would be able to vote in a referendum on capital punishment.

The member opposite knows the mood of the Canadian people, but he is being told to sit and keep quiet by the Minister of Justice. The Minister of Justice is in charge and no one is going to upset his personal agenda.

Mr. Reed: Mr. Speaker, according to my information, no murders have ever been committed by anyone released under section 745.

• (1330)

Mr. Harris: Mr. Speaker, I will be happy to give the figures to the hon. member across the way. I will also give him the figures of murders that have been committed by criminals who have been let out on parole for even lesser sentences the first time than murder. These are people who have been in jail for assault, sexual assault, rape and kidnapping and who have served part of their time, let out on parole and then went on to kill.

I will provide those figures to the member and he had better read them because the Canadian people have read them. The Canadian people are asking the government when it will do something about it. The Reform Party is standing up for Canadians all across the country. We have established the victims rights bill which we will bring into the House and which the Minister of Justice half-heartedly agrees with.

Quite frankly, we do not care much about what the Minister of Justice thinks about these things. It is the Canadian people we listen to. We will continue to listen to them because they know better than the Minister of Justice and the Liberal government.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, it is a pleasure to be here to participate in second reading debate of government Bill C-45, an act to amend section 745 of the Criminal Code.

This is an important debate for Canadians. It is very close to the heart of members of my constituency of Cariboo-Chilcotin. Like perhaps every member in the House, I have received many letters, phone calls and communications from people not only in my constituency but from across the country talking about the justice system. They have told me of their dissatisfaction, of the fear they experience and of the difficulties the police forces are having not simply in enforcing the law but in getting convictions in the justice system after people who have committed offences are apprehended.

People tell me the justice system is broken and has to be fixed. The Canadian people deserve, have a need and indeed a right to certain securities and safety in their communities. They tell me this system needs change and it needs to be reformed. That has been one of the major planks of the Reform Party's platform since its inception. The Canadian people deserve safety. They need the security and certainty that they can walk down the street, any street in any Canadian city, without being concerned whether they will be mauled, threatened, injured or murdered.

Why do Canadians feel this way? The answer is a simple one. Canadians do not feel safe in their homes or on the streets. They are concerned about their children's safety in their own neighbourhoods. In some cities like Vancouver, parents have to clean up the mess on the streets before their children can go to school because of the danger of coming into contact with harmful substances, objects or people. They also see the justice system as one protecting the rights of criminals over the needs, the suffering and the loss of victims.

This bill merely perpetuates this reality. Bill C-45 does not do anything to protect victims and their need to recover from horrible suffering, pain and loss.

As my colleague from Prince George—Bulkley Valley stated, Bill C-45 is totally redundant. There are two major reasons why this is case. Before I discuss these reasons, let me describe who the victims of crime are. How does section 745 of the Criminal Code ignore their legitimate needs?

• (1335)

The victims of crime I am talking about are the friends and families of those who have been callously murdered in our society. Victims are sentenced by a killer. Their sentences are true life sentences because they carry the pain and the loss of a loved one forever.

This brings to mind the sentencing of first degree murderers which we call a life sentence at 25 years. In my mind 25 years does not represent the life of a person. The son or the friend or the spouse who has been stolen from a victim with no regard for their loss, let alone no compensation, is gone forever. There is no time limit on that.

Many victims of crime view section 745 of the Criminal Code as one way the justice system protects the rights of murderers over the needs of victims. Section 745 dates back to 1976 when Parliament abolished capital punishment with the passing of then Bill C-84.

Included in Bill C-84 was the mandatory sentencing clause which gives anyone convicted of first degree murder a minimum 25 year sentence before parole eligibility. The mandatory sentencing clause also included section 745, the so-called faint hope clause, which more and more victims are calling the sure bet clause. It gives every first and second degree murderer the right to apply for a reduction in parole eligibility after they serve 15 years of a 25 year so-called life sentence.

This is the absolute right of the convicted murderer, but 79 per cent of those who have applied for a reduced sentence under section 745 have received a reduced sentence. That means only 21

per cent of murderers who apply under section 745 are denied and must continue to serve their full 25 years life sentence.

Section 745 was included because the government of the day felt that in some situations the interests of the criminals should come before the interests of the public. This was expressed very clearly by a minister of the day. Jean-Pierre Goyer, a former solicitor general of Canada said in response to Prime Minister Trudeau's attempt at reforms of the justice system in the 1970s: ''We have decided to stress the rehabilitation of individuals rather than the protection of society''.

That is exactly the point where we differ. That is exactly where we believe the government at that time made a wrong turn and sacrificed the safety of our citizens for the rights and the rehabilitation of convicted felons.

This is exactly what victims of crime are upset about. Section 745 violates the needs for fundamental justice. The victims are the ones who have to go home every night to an empty house or sleep in an empty bed. Then they live out every day with the grief, the sorrow and the suffering of knowing the one they love is never coming home again. The only solace they have is being sure the one who murdered their loved one is behind bars, unable to inflict such violence on anyone again.

● (1340)

After 15 years of this kind of pain many victims discover for the first time that section 745 even exists and that those who murdered their loved ones have the automatic right to a section 745 hearing to determine their suitability for early parole. The felon gets another opportunity to state why he deserves freedom while the victims continue to bear the life sentence inflicted on them by this same applicant. Even though the murderer may not be granted early release, victims must still relive the horror, anxiety and pain of their loved ones' death.

Darlene Boyd, whose daughter Laurie was murdered 14 years ago, says she did not think her family members could go through another judicial hearing. It would be traumatic for them.

Victims also feel cheated by section 745. They often ask: ''Why should the person who killed someone I loved and who has been convicted of murder and given a 25 year life sentence be released early or even be given the right to apply for early parole? I have no parole or judicial review or faint hope clause to shorten my sentence''.

Mrs. Rose Onofrey, whose son Dennis was murdered, said: ''Is that all my son's life is worth, fifteen years? Why do I have to be victimized again and again?'' Dorothy Mallet, a convicted murderer who received early parole under section 745, wants to visit her children. ''I have to go to the cemetery to visit my son'', Mrs. Onofrey said.

The problem with section 745 is that it respects murderers' rights over the rights and the needs of victims. The bill is a weak attempt to correct this imbalance. Indeed it is not an attempt, it is totally redundant. Bill C-45 does not go anywhere near protecting victims and their needs.

There are two major reasons why this is so. Bill C-45 removes the right of only multiple and serial murderers to apply under section 745. If this legislation is passed before the House adjourns, and it is expected that it will, serial killers like Clifford Olson can still request to apply for early parole because the restrictions against serial killers are not retroactive.

It is true that killers like Olson would be unlikely to win an appeal to apply for early parole in any case, but this is not the point. The point is Clifford Olson and people like him should not be allowed to even make the request. Allowing a criminal like Olson any right to ask for a hearing to determine his suitability for early parole degrades and undervalues the rights of Olson's victims.

Gary Rosenfeldt, the father of one of Olson's 11 victims, said last week this entire section is an insult to victims. I agree. Mr. Rosenfeldt is correct. The families Olson has hurt and traumatized have suffered for years with the memories of his heinous crimes. Bill C-45 still gives him the right to request a hearing for early parole. It is insulting. Victims deserve more respect than that and the public deserves a greater degree of certain safety.

The second reason Bill C-45 does not go far enough is that those who have killed one person still have the right to appeal their parole ineligibility. Multiple or serial killers are denied this right. This creates categories of killers in society, first degree killers that is.

Those who killed one victim will have access to the process for early release but those who killed more than one victim will not have the access to the early release process. Canadians believe that murder is murder and that one murder is as bad as the next. Why then does the justice minister consider the killing of one person less serious than the killing of two or more people?

● (1345)

I can hardly believe he would do that. I can hardly believe he would tell the friends and family of Lisa Clausen of British Columbia who was murdered by Paul Kocurek in 1980 that Mr. Kocurek can enter into the early release process on August 2, 1996 because Lisa was the only person he killed.

How about the family of Kenneth Kaplinski? Kenneth was abducted in 1977, taken into the woods and executed by Edward Sales and Allan Kinsella. Kinsella obtained an early parole hearing and was turned down, while Sales has applied and awaits a response. How can the justice minister tell Ken's family that Sales and Kinsella will be allowed to request a hearing for early release because they have only committed one murder?

I can hardly believe that the justice minister would tell Janet Shelever of Calgary that her husband's killer can still request early parole because her husband was his only victim. That is exactly what the justice minister is saying to these victims and many others if Bill C-45 passes.

Victims of single murderers grieve, mourn and suffer as much as the victims of multiple and serial killers. If Bill C-45 passes, they will continue to suffer and the person who killed their loved one will be eligible to apply for early parole and could obtain an early release.

Does Bill C-45 respect and place a high value on the suffering of victims? I say no and so do many Canadians. All that is valued in this bill is the status quo.

There have been a couple of questions about how many people have been killed by people let out of jail on section 745. In fact, section 745 which was passed in 1976, has only allowed convicted killers the opportunity to appeal for the last five years. That is a very small window by which to test anything. In the past five years one killer has been out under section 745 and has killed again. More important, of all those who have been let out on parole, there have been 15 murders committed by them. That is the true story. That is what we need to look at.

I challenge the justice minister to do two things. First, treat first degree murderers equally. Second, have some regard for the survivors of victims and their everlasting loss and the pain they suffer.

The only way to achieve these objectives is by repealing section 745 of the Criminal Code, not by amending it. Those who commit any murder, single or multiple, would have no right to apply for or receive early parole. Their parole privileges would be the same and survivors of victims would not have to relive the horror, the anxiety and the pain of their loved one's death. Nor would they feel cheated because the one who killed their son, brother, sister or mother is only serving a fraction of the life sentence they deserve for causing so much harm and such irreplaceable loss.

This brings me to another point. Why does the Liberal government almost always deal with serious issues by bringing forward bills which at best are only half measures? Bill C-45 is redundant. It is not going to change anything. There is a pattern to this and it goes beyond Bill C-45.

• (1350)

Think of the pain, the anguish and the horror caused to many Canadians with the way Bill C-33 was rushed through the House. After saying this was going to be a more open government, the Liberals gave no opportunity to Canadians to have input on the human rights bill. It was dealt with in 10 days.

Consider also the GST. What a way to deal with the promise that was made in the red book. Because the Liberals could not reach an agreement with the provinces, they singled out some of the smaller ones and gave them a better or different deal and left the others to haggle and bargain with the government.

What about the unemployment insurance bill, a bill that affects millions of Canadians? Without input, without even knowing where they are going, there is a proposal to change the whole policy, to ram it through, to let the sufferers fall where they may.

This is not an appropriate way to bring legislation before the House. Legislation should reflect the consensus of the values, the will and the desires of the Canadian people. That is not what the government is doing with Bill C-45 in amending section 745.

This bill will do nothing to change the facts about how unsafe it is for Canadians to walk on their streets and sleep in their beds knowing they are absolutely secure. This bill does nothing to give the police forces the tools and the measures they need to bring criminals to conviction.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, I listened to the debate this morning on Bill C-45. Of course, my attention was drawn to the report by Willie Gibbs who appeared before the Standing Committee on Justice and Legal Affairs. He informed us that last year 15 people were murdered in this country after their murderers had been released on either early release or parole. That is a horrible statistic.

Fifteen people have been murdered as a result of a mistake made by our officials which has to do with the early release or parole of people who have committed offences, lesser offences than first degree murder. Nevertheless the officials released them. My concern is that is the very parole board that will have to make a decision on the first degree murderers if they jump through the hoops the justice minister is allowing them to jump through and end up before the parole board. It is the same parole board that allowed the release of those people which resulted at least in part in 15 innocent people being murdered. Does the member have any comments on that?

Not only were 15 people murdered, which is more than one per month, but there were 15 attempted murders, 22 sexual assaults, 21 major assaults, 71 armed robberies, in all 165 serious crimes. Since 1987 criminals out on some form of early release killed 206 people and tried to kill another 162 people. In all, 2,097 very serious crimes were committed by them in that period of time.

Mr. Mayfield: Mr. Speaker, it is entirely typical of my colleague, a former policeman, to have dug into the facts, to have brought the issues to light and to have demonstrated them to the House in such a manner.

• (1355)

The member raises the whole issue of public safety that I was attempting to get at. The whole issue of public safety revolves around the need for people to be certain about who is in the community and can cause them harm. How can we know who and where these people? If we do not know these dangerous people are locked up, then we still live under the threat of their reoffending.

This relates to the whole attitude of government. I suppose it is based upon the philosophy that a person is not really responsible for what he does: if a person's mother is a prostitute and their father an alcoholic, how can anyone blame them for anything? However, we all have known since we have been conscious that there is a difference between right and wrong. We all know what a bad conscience is. We all know the inner voice that speaks to us. Yet there has been a deliberate attempt to move the inner conscience away, to tell people that they are not responsible: ''Poor little you. How could you possibly be responsible when you have had such a miserable past?''

I am not suggesting that people who had a difficult childhood should not be given consideration. It is our intention that all Canadians should have the opportunity to come to their full potential and do what they truly choose to do. However, when someone chooses to commit murder, there must be some means of saying that it is not acceptable and we will not allow them to continue to do that. They must realize that they are responsible for their actions no matter what happened to them as a child or what circumstances brought them to that point.

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, the hon. member commented on the lack of due process given to important legislation that comes before this House. He talked about the persistent use of time allocation, closure and the fact that legislation like this comes up at the end of the session when very little time is allowed for debate. The hon. member is absolutely accurate in presenting this information. Why does he think this happens? Why does the government use time allocation so often and prevents important issues from being discussed and properly debated, not only in this House but right across the country?

Mr. Mayfield: Mr. Speaker, without being cynical, that is a serious question. It relates very much to the political aspirations and the desire of the government to be re-elected. Liberals will doing anything they can to put before them anything they think the public might accept to re-elect them. It is no secret that we are going into the last year of the government's mandate and it will be going before the public in an election.

It is no secret that Bill C-45 will do nothing. How else can one explain its coming before the House and before the Canadian people at this time unless one looks at it through the political lens. The Liberals see this as being a way for them to talk about amending the justice system without really doing anything. They have not thought it through. They do not know where they are going. They have no plan. This is the result of a do nothing attitude that simply caters to public opinion with no real goal in mind.

The Speaker: My colleague, I do not know if it was your intention to continue, but I imagine you will have a few minutes to go after question period. It being two o'clock, we will now proceed to statements by members.

STATEMENTS BY MEMBERS

[*English*]

THE ENVIRONMENT

Mrs. Karen Kraft Sloan (York—Simcoe, Lib.) Mr. Speaker, there are three forms of wealth in society: material, cultural and biological.

Unfortunately, we often take our biological wealth for granted. Through perverse practices, we degrade our natural riches. We consume at faster rates than biological material can be restored. We dump waste back into natural systems faster than it can be assimilated.

• (1400)

Climate change is real. Its negative effects have been clearly documented. Ozone depletion will allow harmful UV rays to destroy the foundation of our food chain. Our biological wealth is the basis for all other wealth. This relationship is very clear, direct and simple. We ignore it at our peril.

* * *

[*Translation*]

NATIONAL ACTION COMMITTEE ON THE STATUS OF WOMEN

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, between 5,000 and 10,000 women and men came here to ask the Liberal government to fulfil its election promises regarding the poor. The Liberal Party had promised it would not cut into social programs, but it did.

It had promised to create over 150,000 day care spaces, but it also reneged on this commitment. The Bloc Quebecois will lead a fierce campaign to find out what this government did with the money earmarked for day care services.

This morning, the Bloc Quebecois pledged to work in close co-operation with the new president of the National Action Committee on the Status of Women, Joan Grant-Cummings, to make sure this government targets poverty, not the poor.

The Bloc will see that the message conveyed by the protesters this past weekend is heard, since this government tends to turn a deaf ear to the needy.

The outgoing NAC president, Sunera Thobani, said that women are not asking for charity but equality. The Liberal Party must get the message.

* * *

[*English*]

AGRICULTURE

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, as we approach the parliamentary summer recess it would seem an appropriate time to evaluate the Liberal government's record over the past three years.

Broken promises permeate the pages of the red book and can be proven false by the actions of ministers and their departments.

The minister of agriculture is among the worst. He said he would keep article XI of the GATT. He signed it into oblivion. He said he would keep the Crow benefit. He scrapped it three months later. He said the Crow payment cheques would be out in January. It is the middle of June and thousands are not yet processed. He said he would implement a whole farm income stabilization plan. He could not get provincial agreement. He said he would support a plebiscite on continental barley marketing. He did not do it and he will not even respect a plebiscite on barley and wheat marketing recently held in Alberta. The minister typifies the cynical irony: ''I am from the government and I am here to help you''.

For years farmers have said: ''Do the opposite to what the government tells you to do''. It seems that this, too, is the motto of the minister of agriculture who has not done anything he said he would do.

* * *

AIR-INDIA FLIGHT 182

Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Ind. Lib.): Mr. Speaker, this coming Sunday will mark the 11th anniversary of the worst terrorist attack in Canadian history, the bombing of Air-India flight 182. The innocent victims of this mass murder included 278 Canadians of East Indian descent.

Families of these innocent victims have been patiently waiting for justice but the RCMP, after launching the largest probe in history, has failed to lay a single charge. It even offered a $1 million reward for information leading to the arrest of the individuals responsible. That was a year ago and still the victims' families are waiting.

On behalf of the families of the victims I urge the government to immediately establish a royal commission to investigate the biggest act of terrorism ever committed on Canadian soil. These families deserve to know the facts surrounding this tragedy. They deserve no less than honesty and truth from the government.

S. O. 31

STOWAWAYS

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, the tragic murder of the Romanian stowaways aboard the *Maersk Dubai* should be a spur for urgent action on the problem of stowaways.

The $7,000 fine on ships found to be carrying stowaways was intended to encourage ship captains to take all possible measures to prevent stowaways. However, not only does the fine encourage captains to do away with stowaways, in practice it is poorly paid crew members who are often held responsible by captains and who are in turn forced to pay the fine. Thus the fine becomes an incentive to throw stowaways overboard. As a result, far from being an isolated incident, the longshoremen's union reports that the tragedy on the *Maersk Dubai* is an all too common occurrence.

The current regime also offers inadequate guarantees that those accused of murdering stowaways on the high seas will be prosecuted. In the most recent incident there were authorities in a position to prosecute those accused. However, what would have happened if the victims had been from Liberia or some other jurisdiction without an effective authority?

The NDP calls on the government to review its current policy on stowaways and urges it to work in the United Nations for a convention for the protection of stowaways.

* * *

ABORIGINAL DAY

Mr. Ronald J. Duhamel (St. Boniface, Lib.): Mr. Speaker, from June 21 to July 1 Canadians will be able to celebrate the diversity and richness of our nation. June 21 is the first ever national aboriginal day. It is a day for Canadians to celebrate Canada's first peoples, to recognize their many different cultures and to reflect on their contributions to Canada.

• (1405)

[*Translation*]

On June 24, French Canadians all over the continent will celebrate their culture and their language, as they have been doing since the 19th century. Let all Canadians take part in the activities and celebrate Saint-Jean Baptiste Day.

[*English*]

This celebration of our nation culminates on July 1, Canada Day, a day which allows us to take pride in our heritage, history, diversity and richness as a nation.

[*Translation*]

The celebrations going on from June 21 to July 1 will be an opportunity to rediscover and share our treasures, to appreciate more who we were, who we are and what the future holds for us. Let us celebrate together.

* * *

[*English*]

BOSTON MARATHON

Mr. John O'Reilly (Victoria—Haliburton, Lib.): Mr. Speaker, today I want to congratulate Ian Moorhouse and Marcel Crete for completing the 100th Boston marathon.

Both runners come from Haliburton, Ontario. The two men joined 38,000 other runners attempting to finish the 26-mile race. Their goal was simple, to finish the race, and they accomplished that.

There were competitors from 100 countries. Their goal was even tougher when they had to train indoors throughout the winter and then for the first time race outside at the event.

Where these men or any Canadian finishes does not matter. The simple fact is they finished the race, a race in which others did not and would not attempt. Congratulations on a truly remarkable performance.

* * *

MINING

Mr. George S. Rideout (Moncton, Lib.): Mr. Speaker, clearly the Keep Mining in Canada campaign made an excellent selection in choosing Mr. Brad Simser of Noranda Mining and Exploration's New Brunswick division as one of its new faces of mining.

[*Translation*]

I am pleased to mention Mr. Simser's contribution.

[*English*]

In many ways Brad can be seen as a pioneer for his work in implementing the integrated seismic system for the first time in North America. This sophisticated computer based technology allows Brad to track and monitor how rock formations are adjusting to mining activities. The ultimate result is that Noranda can improve safety while mining deeper.

Often there are significant misconceptions about mining. As a new face, Brad represents the future of mining as a high technological industry essential not only to the Canadian economy but for many products and services all Canadians use in their daily lives.

[*Translation*]

I congratulate Brad Simser for making such progress during his career.

[*English*]

I wish him continued success in his work.

* * *

ROBERT THIRSK

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, when Robert Thirsk was a student at Glenmore Elementary and Dr. Knox in Okanagan Centre he had a dream. He wanted to become an astronaut. On June 20 that dream becomes reality. The official payload on mission 78 will be microgravity and the effects of space on the human body.

Dr. Thirsk will also conduct a number of experiments designed by young Canadians while talking directly to them from space by two-way radio.

The enthusiasm of our young scientists must be encouraged for Canada's economic future depends on our excellence in science and engineering. As Dr. Thirsk said to me, we have succeeded in developing our natural resources, but we have not fared as well developing our intellectual resources.

Bobby Orr's hockey jersey will also be on mission 78, a tribute to Canadian excellence.

I have no doubt that if Canada can produce the best hockey players in the world, then we can produce the best scientists and engineers too. All young people have dreams. We must encourage them and give them a place to go.

* * *

[*Translation*]

TRIBUTE TO CLAUDE COULOMBE

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I wish to pay tribute to Claude Coulombe, a 19-year old student from the Rimouski-Neigette training centre who accumulates prizes in auto mechanics. He was second in the contest run by the La Neigette school board, first in the regional olympics held in Carleton, and second at the provincial selection. On May 4, Mr. Coulombe won the gold medal at the Canadian olympiad for professional and technical training.

Students from Alberta, Manitoba, British Columbia, Ontario and Quebec participated in the event, which was essentially a series of practical tests to evaluate the technical knowledge of the candidates and their ability to accurately diagnose problems.

In the fall of 1997, Mr. Coulombe will travel to Saint-Gall, in Switzerland, to take part in the world trades olympiad. I extend my warm congratulations to him and I wish him the best of success.

[*English*]

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, the United Nations has proclaimed June 17 world day to combat desertification.

Desertification results from changes in climate, the deterioration of vegetation due to over exploitation, over grazing, deforestation and burning, through wind and water erosion due to poor cultivation practices.

● (1410)

Desertification is more serious in Africa and Asia, but is also impacting our prairies. In 1995, Canada ratified the UN Convention to Combat Desertification. The convention commits supporters to provide resources for programs and projects designed to halt and, hopefully, reverse the expansion of deserts. These efforts are urgently needed if we are to ensure the productivity of lands and forests for future generations.

* * *

[*Translation*]

RACE CAR DRIVER JACQUES VILLENEUVE

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, the race for the Canadian Formula One Grand Prix took place at Circuit Gilles-Villeneuve on Montreal's Île Notre-Dame before over 100,000 spectators, who crowded the full length of the track to cheer their hero.

[*English*]

At only 25 and in his first year of Formula One racing, Jacques Villeneuve won second place and was by far the crowd favourite. It was an emotional time for Montrealers who saw the son of their legend, Gilles Villeneuve, racing on the track named after his father, on Father's Day.

[*Translation*]

Jacques Villeneuve has truly earned the affection of Canadians and Quebecers, and we hope that he will continue to race with the same intensity and enthusiasm that have characterized his career from the beginning. He is a model for Quebecers and Canadians of our generation.

* * *

[*English*]

MARCH AGAINST POVERTY

Mr. Geoff Regan (Halifax West, Lib.): Mr. Speaker, on May 14, two women's marches against poverty began, one in the west and one in the east. They converged Saturday on Parliament Hill.

This march was about freedom, freedom from violence, freedom from poverty, freedom from joblessness. These are not partisan issues, nor are they strictly gender issues. Women's issues affect men and families no matter what the political persuasion.

I applaud the organizers for the very successful march and for working on issues that are important to all Canadians.

* * *

[*Translation*]

WORLD DESERTIFICATION DAY

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, some 100 countries, 80 of them developing, are facing the consequences of desertification, which results from non-sustainable soil use practices. As a result, 900 million people may be affected by this ecological disaster, which leads to famine and population shifts.

The United Nations has declared June 17 World Desertification Day. This decision is one of the follow-ups to the Rio Conference held in June 1992. Subsequent international negotiations resulted in the United Nations Convention to Combat Desertification. To date, it has been ratified by 29 of 115 signatory countries, including Canada. But this convention must be ratified by 50 countries before it can come into force.

On this World Desertification Day, I urge the Government of Canada to assume a leadership role vis-à-vis other countries so that this convention can come into force as quickly as possible.

* * *

[*English*]

PUBLIC SERVICE CUTBACKS

Mr. Jay Hill (Prince George—Peace River, Ref.): Mr. Speaker, Canadians in northern and isolated communities have had it.

While people in southern cities can walk a few blocks to talk to a human resources officer in person, people in rural communities spend literally hours trying to get through on understaffed 1-800 lines that are supposed to give them superior service.

Five CECs were just closed in my riding. Under the new UI rules, people will have to work longer to qualify for fewer benefits, but their questions go unanswered because the phones ring busy.

Desperate pensioners who cannot pay their rent because of lost cheques call my office because all they get is a busy signal on the OAS line. Single mothers struggling to make ends meet cannot get their questions answered because the child tax benefit line is clogged.

In its downsizing wisdom, this government kept upper management and cut the front line workers. Rural Canadians are willing to sacrifice to get us out of debt, but at least hire enough workers to

man the 1-800 lines. Northerners are tired of being left out in the cold.

* * *

MARCH AGAINST POVERTY

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, this weekend women from across Canada completed a journey that brought them to Ottawa with a message of jobs, justice and equality. Today the National Action Committee on the Status of Women brought their voices to parliamentarians.

The message these grassroots women's organizations bring to government is essential in the development of legislation that will strengthen gender equality and alleviate the poverty in which many women now live.

● (1415)

At the Beijing women's conference last year, it was agreed that there is a role for non-governmental organizations and women's groups to work with their governments to bring gender related issues to the fore. The government is working diligently to address the issues of poverty, unemployment, inequality and is working hard to integrate the needs of women into all future policy and legislation.

Having just returned from the UN Habitat II Conference, I consider this commitment of NGOs and governments to work together is our greatest strength. I praise the commitment of all women here today as we continue to work together in partnership to achieve greater gender equality.

* * *

[*Translation*]

STATUS OF WOMEN

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, this past weekend, thousands of women and men came together on Parliament Hill to celebrate the incredible undertaking of several dozen women who crossed this country to deliver an important message to our government.

The march started in Vancouver on May 14 to raise the awareness of all governments in this country about the importance of taking concrete action to put an end to the social and economic problems which affect women in particular.

A number of measures taken by us since our election are focussed on that objective. We are determined to do everything necessary to raise the awareness of provincial governments and to invite them to work along with us in meeting the legitimate expectations these Canadian women have made known to us during this great march.

Bravo to all the participants!

ORAL QUESTION PERIOD

[*Translation*]

FIRST MINISTERS' CONFERENCE

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, at the first ministers' conference, the federal government will be proposing its so-called new philosophy to renew Canadian federalism, that is step by step, bit by bit.

My question is, of course, for the Prime Minister. Is it the intention of the federal government to offer full, total and unconditional financial compensation with respect to all areas of provincial jurisdiction from which it intends to withdraw soon?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are withdrawing from areas of provincial jurisdiction and, when we spend money for certain programs in certain circumstances, we will offer money as is the case for manpower and active measures.

The discussion will be at the ministerial level, but I am very happy to see that the opposition realizes we are going to improve the federation and that we will withdraw from fields we were in previously. I hope all the provinces will be very happy with this.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, any pleasure the Prime Minister may take at the opposition's acknowledging his improvement of the federation is pure presumption on his part. Given his past record, we have no illusions as to his intentions. I am sorry to have to hurt him, but I must speak the truth.

Will the Prime Minister acknowledge that the only acceptable way to withdraw from areas of provincial jurisdiction is to accompany the withdrawal with a transfer of tax points so that the provinces may carry out their own responsibilities fully, completely and autonomously as provided in the agreements signed by the Lesage and Pearson governments?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, when we withdraw from the programs mentioned in my letter to the premiers, the Leader of the Opposition will have to acknowledge that, despite his predictions, I will be obliged to make him retract what he has just said. I will do it very gently; I would not want to cause the Leader of the Opposition any problem.

As to the forms of compensation, take unemployment insurance as an example. It cannot be by tax points in this case, because it is the employers and employees throughout Canada that contribute to the fund. This money is then redirected to those in Canada who are not working. This must be a direct transfer and not tax points, because the amounts will necessarily vary with the level of unemployment in different parts of Canada. We never know the exact amount from one year to the next. A situation may be

disastrous in one province today and then quickly improve, or deteriorate in another part of Canada.

• (1420)

This is why we have this means of redistributing wealth across the country to those who need it. It has to be a direct transfer and not tax points to ensure the flexibility needed.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, the Prime Minister is taking the position of defender of Canadian taxpayers, and yet he is taking $5 billion out of the unemployment insurance fund provided by workers and employers and he is applying this money to his deficit and wants us to consider this the standard in defending people's interests? Oh, come on.

Will the Prime Minister acknowledge that he is preparing to negotiate at the conference a partial and conditional withdrawal of his government from areas of jurisdiction that already belong to the provinces as he jumps with both feet into other areas of provincial jurisdiction, such as securities?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, first, under the Constitution, unemployment is the responsibility of the Canadian government. There is no doubt of this. There was a constitutional amendment on this point in 1947 or 1949. It is our jurisdiction, and we share revenues with the provinces.

The unemployment insurance deficit, when we took over the government, was over $6 billion. We have reduced the deficit and now it makes good sense to build up a surplus for those days when we will need one to pay employment insurance to people who need it. This is simply good management.

As to providing a Canadian securities commission at the request of the provinces, I think, at least I hope that most of the provinces will want to participate in it, because it will mean investors will have far fewer forms than 10 or 12 to complete in order to obtain approval to sell bonds. With the broad flexibility I represent, any province not wishing to participate may do so.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, how nice to see the Prime Minister concerned about respect for his own areas of jurisdiction when he does not respect those of the provinces.

In fact, when the Prime Minister says he wants to withdraw from provincial areas of jurisdiction, he knows full well that any federal withdrawal without an unconditional transfer of the appropriate financial resources is nothing but a smoke screen.

Will the Prime Minister admit that, whatever the administrative agreements he can negotiate with the provinces, as long as the federal government can set national standards and keep its hands on the money, it will impose its conditions in areas that are not under its jurisdiction?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, the provinces' financial weight compared to that of the federal government has not stopped growing since the 1960s.

Does the book *Option Québec* by René Lévesque mean something to the official opposition? This book refers to a conference given by Jacques Parizeau in the late sixties, in which Mr. Parizeau said about the decentralization process then starting in Canada: ''This goes too far. This decentralization will go too far, and this country will become unmanageable. Quebec must get out of it''.

This is how the problem should be put: ''Are we too decentralized?'' I do not think so. Can the decentralization process be improved? I think so. But this so-called centralized federation is a chimera that only today's independentist leaders are trying to sell people; that term is inaccurate.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, will the Prime Minister admit that this gradual decentralization relegating the provinces to the role of onlookers amounts to bringing in through the back door the Charlottetown accord, which called for the federal government to withdraw from some areas of provincial jurisdiction, but only on certain conditions?

Hon. Stéphane Dion (President of the Queen's Privy Council for Canada and Minister of Intergovernmental Affairs, Lib.): Mr. Speaker, we already answered, in relation to job training, that there must be an effective partnership between the federal government and the provinces in an area that concerns both the provinces, through job training, and the federal government, through unemployment insurance and the economic union.

• (1425)

As for the other areas, what is the hon. member talking about? Where are the conditions attached to social housing? The federal government is withdrawing from this area. In tourism, there is a partnership that works very well but that could possibly be improved. What area could we mention, in fact? Forestry? Recreation? Mining? The federal government is withdrawing from all these areas without any conditions. What is the hon. member talking about?

* * *

[*English*]

AIRBUS

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, my question is for the Minister of Justice and concerns the Airbus affair.

On Thursday past, in response to a question from the member for Fraser Valley East, the minister stated categorically: ''I take responsibility for the Department of Justice. From the outset the Department of Justice has acted in an appropriate manner''.

Since the minister maintains that justice officials, including Kimberley Prost, acted in an entirely appropriate fashion, will he instruct his lawyers not to make an out of court deal with Brian Mulroney and not to spend millions of taxpayer dollars?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, we are defending the litigation brought against the Government of Canada. We intend to continue in that defence. We will put forward all the defences we have pleaded and we will do our best to establish them in the courtroom. That is our intention and that is the course we are on.

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, I understand from that answer that the government is not interested in an out of court settlement but will go to court.

Will the minister concede that he has said all along, as has the Prime Minister, that this is a police investigation, that the police initiated it and that the police must not be interfered with in their work? Will he concede that he should instruct his lawyers not to make an out of court deal with Brian Mulroney so the police may continue their investigation without interference from the minister or his lawyers?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the police of course must continue whatever work they want to do unaffected by politicians.

The police investigation is separate from the civil litigation commenced by Mr. Mulroney in which he alleges defamation, and the hon. member will know that.

I have made it clear we have filed defences in the civil litigation and we are defending that action.

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, the minister knows the suit is also against the RCMP.

The Minister of Justice said Friday, quoting from *Hansard*: ''I shall report significant developments to the House when they occur''. We are obviously very concerned that the government is planning to make a settlement and pay Brian Mulroney millions, because of its incompetence, during the summer while the House is not sitting.

Will the government fulfil its commitment and make a commitment that when there are any significant developments, including an out of court settlement, it will recall the House to make sure the House can examine the deal?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member ought never to doubt that I am accountable to the House as a member of the government and that the government is accountable to the House.

The hon. member should also know, as I have made clear, we are defending the litigation.

* * *

[*Translation*]

FIRST MINISTERS' CONFERENCE

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, my question is for the Prime Minister.

In his letter informing his provincial counterparts of the agenda for the first ministers' conference, the Prime Minister wrote: ''The afternoon session will focus on the social aspects of our policies and programs, and in particular on preserving a viable and sustainable social security system for Canadians''. But we are far from having a social security system in Canada as it is.

Are we to understand from what he wrote that, far from withdrawing from provincial areas of jurisdiction, the Prime Minister is set to step right into the whole social programs area and take it over, even though transfer payments to the provinces have been cut drastically?

Right Hon. Jean Chrétien (Prime Minister, Lib.): On that topic, Mr. Speaker, we will review together the report prepared by the provincial governments themselves. They have prepared and submitted to the federal government a report that we have considered.

• (1430)

My feeling is that we agree on many aspects of this study prepared by the provincial governments themselves. This means we will be able to compare notes on these points and, if possible, improve the Canadian social security system. Our positions are well known. Take the five principles of medicare; they are respected by everyone. And just recently, the Government of Alberta, which had resisted complying, signed with the Minister of Health an agreement whereby the five conditions set out in the Canada Health Act will now be applied in Alberta as in every other province.

I would say we are making considerable headway in this area. Our Friday afternoon meeting on this subject will go along the same lines of ensuring that Canada's social security system provides all Canadians with a minimum level of protection, as everyone or almost everyone in this House hopes for.

Mrs. Francine Lalonde (Mercier, BQ): Mr. Speaker, the report the Prime Minister is referring to reflects the opinion of the majority of provinces. Quebec has always insisted on having control over social policies and their integration and making its own decisions in that regard.

By trying to take over—that is what this is—all social programs in Canada and trying to impose national standards as it did in the areas of manpower, forestry and mining, to name but a few, is the Prime Minister not using a sleight of hand to in fact centralize behind our backs by keeping all real decision making powers in his hands?

[*English*]

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I find it very difficult to understand, when we are proposing to get out of some fields, that I suddenly become a centralisateur. It is a bit difficult for me to understand but I will reflect on it. They want the government to stay in manpower. Fine. If they wanted the government to stay in forestry, mining and many other sectors, it would. However, the government is not interested.

We want to ameliorate the federation and clarify the responsibilities so the citizens of Canada will have a better system of government at the provincial and federal level. This is the goal we are trying to achieve. I am convinced that by Friday most of the provinces will be very happy to accept new responsibilities and accept that the government is getting out of some responsibilities.

If the hon. member wants to tell the Quebec government that I should keep or increase the same responsibilities, that is fine with me.

* * *

AIRBUS

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, the Minister of Justice has now admitted his lawyers are discussing a possible out of court settlement with Brian Mulroney over the Airbus affair. He has even said that such a settlement ''would be very desirable''.

I will tell the House what a settlement with Brian Mulroney would be. It would be an admission that the justice department has botched its investigation. It would be an admission that it had no evidence in the first place and tried to hide this fact from the Canadian people from the outset.

If the justice minister says his department is acting responsibly every step of the way, will he promise here and now not to do a closed door deal with Brian Mulroney?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member errs in two respects in putting her question. First, she referred to a justice department investigation.

The police are the people who investigate, and it was the Royal Canadian Mounted Police that conducted and is conducting an investigation into this case. The role of the Department of Justice, as the hon. member knows or perhaps should know, is that the international assistance group was asked to communicate to a foreign government a request for assistance in the course of that investigation.

The second error into which the hon. member fell was to assert there may have been no evidence from the outset. That too is a matter that relates to the police investigation. If the Royal Canadian Mounted Police chooses to start or conduct or conclude an investigation based on what it finds or does not find, that is for it to decide. The police in this country conduct investigations based on their own judgments.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, that is exactly the point. If the RCMP is investigating, let it investigate. Let us not talk about backroom deals and out of court settlements. This is absolutely ridiculous.

I will tell the House what else an out of court settlement would be. It would be a slap in the face to millions of Canadians who would be forking out millions of dollars to pay this off because of the minister's incompetence.

● (1435)

I want the minister to promise to me and to Canadians right here and right now that as soon as he signs this out of court settlement with Brian Mulroney the next thing he will do is sign his own resignation. Will he or will he not?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the only person talking about backroom deals is the hon. member for Beaver River. The only person talking about the payment of millions of dollars today is the hon. member for Beaver River.

I am busy defending a lawsuit on behalf of the Government of Canada and the people of this country.

* * *

[*Translation*]

STATUS OF WOMEN

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, my question is for the Prime Minister. On Saturday, between 5,000 and 10,000 women and men came to Parliament Hill to demand that the government fulfil the commitments it made during the last election campaign, including the provision of day care services and the creation of jobs. The Bloc Quebecois met with women's groups this morning, and it shares their concerns.

Given that the federal budget for day care services went, without any explanation, from $630 million down to $250 million, will the Prime Minister tell us what he did with the money that is missing and when he will give back to the children, through the provinces of course, all the money owed to them?

[*English*]

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, it is quite obvious what happened to the money. The agreement that was suggested, put forward to the provinces, was not accepted by the provinces. The federal government then of course came back to the drawing board and is interested in having a discussion with the provinces.

If the provinces want to make a proposal to the federal government we would be very interested in seeing the proposal. When that happens we will make comments on it, when we know what the provinces would like to see in the field of child care.

[*Translation*]

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, this is what happens when the government sets conditions.

On Friday, the Prime Minister said that, to eliminate child poverty, work had to be available for the parents. Since he intends to discuss the establishment of a job creation program during the first ministers' conference, will he make sure that, this time, unlike the last infrastructure program, there will be jobs for women?

[*English*]

Mr. Robert D. Nault (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Mr. Speaker, I do not know where members of the opposition have been. We of course in this Parliament have talked about jobs and the economy over and over again.

Quite frankly, if they look at the results of the government they will know we have created over 600,000 jobs by the improvements we have made to the economy and by making sure we keep our eye on the ball.

If the member is not aware of the information and the improvements we have made to the economy and the improvements we will continue to make, all she has to do is ask for a briefing and we will give her the information that shows the government has done a good job and will continue to improve on that. We will show the results with other programs we have already put in place in the past.

* * *

AIRBUS

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, in December the Minister of Justice told reporters he had passed on information to the RCMP about the Airbus affair. He said: ''I have never had an instance occur where I passed information on and heard back from the RCMP in any way whatsoever''.

Last Thursday, however, the minister told the House that the RCMP did indeed write back to him. I ask the Minister of Justice if he could simply explain this contradiction.

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): I am delighted, Mr. Speaker, but first let me correct another error I am afraid.

The research department for the hon. member's party consists of a clipping service from the *Sun* chain of newspapers, so it is very difficult for it to carry on.

Let me correct an error. The hon. member referred to a statement I made last December that I had communicated information about the Airbus matter, and that is wrong.

What I said, which is a matter of public record, is that in discharging my responsibilities as I saw them, when I was fixed with knowledge of alleged wrongdoing by the previous government, after consulting with my deputy and with the solicitor general, I passed that on to the police to do with as they might. They looked into the matter and responded by saying they were going to take no steps as there was no basis for doing so.

• (1440)

In terms of the most recent clipping from which the hon. member is working, I can also say that last December when I was interviewed by Mr. Koring of the *Globe and Mail* who put that question to me, I did say I had not heard back. I was reminded within a few days and then I pointed out to the *Globe and Mail* within a few days that indeed I had heard back. That is the fact.

Mr. Dick Harris (Prince George—Bulkley Valley, Ref.): Mr. Speaker, all last week and this week the Minister of Justice has been skilfully trying to get himself stepped back from this whole thing. We almost have to congratulate him for his sleight of hand. While he may think he is fooling people, he certainly is not.

I would like to allow the minister one chance to clarify the situation. The minister has related to us the way he remembers the event, but just to make it clear, in the interests of transparency and clarity, I ask the minister if he would please table the letter from the RCMP in the House. Will he do that?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Yes, Mr. Speaker, I will.

Let me say this in response to the hon. member's question. He speaks about my skilfully trying to distance myself from events. That is not the case. What I have been trying to do last week and today is to explain and emphasize for the hon. member and his colleagues that we are dealing with two different matters. It is neither accurate nor appropriate to mix them.

On the first hand we have a Minister of Justice who receives information about an alleged wrongdoing in the past government who, in discharge of a responsibility, after consulting with the

deputy minister and the solicitor general, communicates that to the police. The hon. member for Calgary Southwest last week conceded that that indeed is the proper course.

A second and separate matter is the decision by the Royal Canadian Mounted Police for its own reasons to commence its own investigation at a later time on the Airbus matter. It is separate. It is different. It is a matter for the police to decide.

If the hon. member can understand that those two matters are separate, he will be a long way down the road to understanding these matters.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, the Minister of Justice is using lofty principles to hide his improvisation in the Airbus affair. The minister must move beyond discourse and explain the facts.

Does the Minister of Justice confirm that he looked into the Airbus affair, in a personal and partisan manner, when he was a Liberal candidate in the 1993 general election?

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): No, Mr. Speaker, I have no knowledge of what the hon. member refers to. I have told the House what is in issue in this matter. What is in issue in this matter is a police investigation. The role of the Department of Justice in that investigation has been made clear. Those are the facts.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, can the justice minister rise in his place and tell us on his honour that in no way—

Some hon. members: Oh, oh.

The Speaker: Dear colleague, there is no question of giving one's word of honour; this is always understood in the House of Commons. We therefore have no need to speak about it.

Mrs. Venne: Mr. Speaker, I therefore ask the justice minister if he will rise in his place and tell us that he in no way made personal inquiries with anybody at all concerning the Airbus affair when he was a Liberal candidate in 1993?

● (1445)

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I have no idea what the hon. member is asking or referring to. The facts of this matter are before the House, as are the responses I have given to the questions that have been put.

TRADE

Mr. John English (Kitchener, Lib.): Mr. Speaker, my question is for the Minister for International Trade and concerns the Helms-Burton legislation. What is the minister doing to confront this attempt by the U.S. Congress to deny Canadians the legitimate right to do business with Cuba?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, the Minister of Foreign Affairs and I announced today on behalf of the government our response to the Helms-Burton legislation.

We are attempting to protect Canadian sovereign interests, foreign policy, trade policy and the legal operations of Canadian businesses in Cuba. We have proposed amendments to the foreign extraterritorial measures act that would block any attempt by a company in a foreign country to carry out a court order within Canada on an objectionable piece of legislation like Helms-Burton. We have provided for a clawback provision that they can recover within Canada moneys and assets lost in the United States on such an action. Finally, the penalties have been increased for companies that follow the law of a foreign country as opposed to the law of this country.

We hope that this will act as an effective deterrent to prevent the kind of operations, the kind of court action which is envisioned by the Helms-Burton bill in the United States, a unilateral action which we believe is wrong in principle, wrong in purpose and wrong in practice.

In addition, we will be continuing with an action under the North American Free Trade Agreement. We will continue with the NAFTA commission meeting.

* * *

PEARSON INTERNATIONAL AIRPORT

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, it seems these days the Liberals are out to cut deals to try to get themselves out of messes that a more competent government would not have gotten itself into. The Mulroney Airbus fiasco is only one example.

With this in mind, can the Minister of Justice tell the House whether he plans to try to reach an out of court settlement with the Pearson Development Corporation, or does he intend to try to pass legislation that overturns the rule of law and interferes with a court case in progress?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the rule of law includes the democratic right of Parliament to enact legislation. That is exactly what has been done in this case.

We have worked toward the enactment of Bill C-28 which expresses and carries forward the policy of this government on which we were elected. That is to say we took a critical look at that transaction and we came to the conclusion that it was not in the public's interest to take steps to set it aside.

If the hon. member is concerned about law, legality or matters involving the Constitution, then he should be much influenced by the fact that an expert witness testified before the Senate committee of legal and constitutional affairs in relation to Bill C-28. The very constitutional expert from Osgoode Hall law school whom the Tories had relied upon in criticizing the bill testified last week that with the amendments we have proposed, the bill is indeed now lawful and constitutional.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, if rhetoric were dollars, the Liberals would not have a deficit.

For two years the government has said that it cancelled the Pearson contract because, in the words of the former Liberal Minister of Transport, it was the biggest rip-off in Canadian history. Now the justice department is trying to defend the government in one of its several lawsuits by claiming the contract was so bad for developers that they would have lost millions.

Will the minister please tell this House which of these two claims he wishes to retract: the one used to cancel the contract, or the one now being used to defend the government? It is impossible for both positions to be true.

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, if the concern my friend has is not for constitutionality but for consistency, then perhaps he can begin by explaining how it is that his colleague at this end of the bench asked me 10 minutes ago how could I dare countenance the payment of money to a claimant in an action against the crown and now he seems to be suggesting that instead of passing Bill C-28 we should be paying out money to the claimants in relation to constitutionality.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Justice did not really answer the question put by my colleague, the member for Saint-Hubert, a few moments ago.

I ask him today whether he made inquiries of any sort into the Airbus affair when he was a Liberal candidate in 1993, and I am not necessarily referring only to inquiries made of the RCMP or other police forces, but also inquiries made of other people such as lobbyists or journalists?

• (1450)

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the question makes as little sense coming from the hon. member as it did from his colleague. I have responded to the questions put in the House when they have been on factual matters and the facts speak for themselves.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, I ask the minister again. If I understand correctly, I must conclude that never, and in no way during the 1993 election campaign did he make inquiries of journalists concerning the Airbus affair and the role former Prime Minister Mulroney is alleged to have played. I am therefore speaking about discussions or inquiries made of journalists before being appointed Minister of Justice.

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the hon. member can put whatever he wants in his question. I will confine myself to facts in my response.

The facts of the matter are clear. They are on the record. I was approached by a journalist who fixed me with knowledge of allegations of what constituted serious wrongdoing if they were true. I then sought the advice of my deputy minister and of the solicitor general. I think I did what every member of the House would expect the Minister of Justice to do.

It is a matter of simple principle. If you are fixed with that kind of allegation of wrongdoing and take the advice of your deputy and the solicitor general, you communicate the information to the Royal Canadian Mounted Police and let them do with it what they want. If I had not done that, I can just imagine the yowls of protest from the parties opposite. In this matter, I did the right thing.

The Speaker: Colleagues, the questions that are being posed should go to the administrative responsibility of the ministers or the government at the time that they were in government.

I would ask you and caution you please in your questions to deal with those matters rather than things that happened before someone came into a particular position of responsibility.

* * *

FISHERIES

Mr. John Cummins (Delta, Ref.): Mr. Speaker, last Monday the Parliamentary Secretary to the Minister of Fisheries and Oceans told the House that the aboriginal only commercial fishery

then under way in the Alberni Inlet on Vancouver Island was based on section 35 of the Constitution.

Does the minister accept the position put forward by his parliamentary secretary that native only commercial fisheries are indeed mandated by the Constitution?

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I will tell the hon. member what I have told him and other members of his party time and time again. I will say one more time that the first priority for salmon fishing is conservation or escapement. Second is the aboriginal fishery. Third is recreational and commercial fishing. This is constitutional and in accordance with government policy, It is in accordance with the aboriginal fishery strategy and every law the country has ever made. I cannot put it any more clearly.

Mr. John Cummins (Delta, Ref.): Mr. Speaker, I could not agree more with the minister.

The fact is that after section 35, the minister and his government have inserted another fishery, an aboriginal only commercial fishery. That fishery has no basis in the Constitution. In the Sparrow decision it was rejected or the idea of a commercial fishery was not addressed. In the most recent decision by the Supreme Court of Canada, the court declared that natives had a right to fish for food, ceremonial and religious purposes. There was no mention whatsoever of a commercial fishery.

Will the minister accept full responsibility and accountability for the native only commercial fishery which is operating in the Alberni Inlet?

● (1455)

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I will tell the hon. member that the policies are set forth. They are clear and are understood by everybody.

I wonder if the hon. member would try to get on board and understand the policies so that he could back them along with the government.

* * *

[*Translation*]

U.S. HELMS-BURTON BILL

Mr. Benoît Sauvageau (Terrebonne, BQ): Mr. Speaker, earlier today, the Ministers of Foreign Affairs and International Trade announced that, this fall, the federal government will be introducing a bill to amend the Foreign Extraterritorial Measures Act, with a view to counteracting the effects of the American Helms-Burton bill with its extraterritorial effects.

Faced with this unacceptable legislation that has been objected to on many occasions by Canada and a large part of the international community, how can the Minister for International Trade turn his back on the urgency of the situation and defer until fall the planned amendments to the Canadian Foreign Extraterritorial Measures Act?

[*English*]

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, the Helms-Burton bill in terms of the claims that can be filed is not in effect until August 1. The President of the United States can defer that. We hope he will because we hope we are sending a strong signal by our action today and other countries in support of it as well.

Even at that, even if it goes into effect on August 1, it means that claims cannot be filed in the U.S. courts until November 1. By that point in time the details of this legislation will be in front of this House.

* * *

TRADE

Mr. Charlie Penson (Peace River, Ref.): Mr. Speaker, Canada fought long and hard to get the World Trade Organization established, but by caving in on the lumber issue, we have allowed the United States to get away with another bilateral bullying tactic. By doing so, we have hurt not only our lumber industry but the very organization we should be turning to to settle disputes of this nature.

Now that the minister has seen the results of his badly thought out softwood lumber agreement, will he not admit that he should have taken this dispute to the World Trade Organization for settlement once and for all?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): No, Mr. Speaker. We assessed our chances of success under NAFTA and under the WTO. The companies did as well, the companies that create the jobs which are important for the survival of that industry.

The industry quite clearly said that it wanted us to bring about the security of access for the market in the United States. We were able to do that. We were able to get a five year secure access, something we have never had before, and it was with the very strong support of this country's lumber industry.

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, my question is for the Minister for International Trade. It has to do with the issue of trade and the environment. It comes in the wake of an assessment made by environment groups relative to this government's record on this matter. They described it as probably being the worst administration in the 25 years of Environment Canada.

In its negotiations with Chile, is the government insisting on the Government of Chile signing into a side agreement on the environment as a condition of entering into a trade agreement? Does it intend to respect that commitment?

Hon. Arthur C. Eggleton (Minister for International Trade, Lib.): Mr. Speaker, yes, the side agreements on both labour and the environment are unprecedented, except for the case of NAFTA. They were worked out in our provisions that NAFTA has put in place. We want Chile, if it is going to become a part of NAFTA, to also abide by the same agreements. Therefore, we are negotiating an improvement in terms of an environmental agreement in our negotiations with Chile.

* * *

TAXATION

Mr. Walt Lastewka (St. Catharines, Lib.): Mr. Speaker, often individuals who are evading the GST do so to evade income tax.

Can the minister of revenue explain which issues have been undertaken to reduce and capture the real underground economy?

Hon. Jane Stewart (Minister of National Revenue, Lib.): Mr. Speaker, it is my sense that Canadians more and more understand that participating in the underground economy is not a victimless crime. When a Canadian decides not to pay taxes, another one has to pick up the slack.

In Revenue Canada we take this very seriously. Our seven point program targeting the underground economy has returned over a billion dollars to the Canadian coffers.

● (1500)

More recently, in partnership with the construction industry, we have implemented a voluntary reporting system that will provide Revenue Canada with the information it needs to limit even further the underground activity in that important sector.

If I may, I would like to recognize the Canadian Construction Association, the Canadian Home Builders' Association and the Canadian Construction Union for their participation in this program and say that together we will ensure there is a level playing field for this important sector of the Canadian economy.

* * *

PRESENCE IN GALLERY

The Speaker: I wish to draw to the attention of the members the presence in the gallery of His Royal Highness, Crown Prince El-Hassan Bin Talal of the Hashemite Kingdom of Jordan.

Some hon. members: Hear, hear.

The Speaker: Colleagues, before going to the daily routine of business, in the past few days we lost one of the longest serving Canadian parliamentarians in our history. I refer of course to the Hon. George Hees.

We will pay tribute to the Hon. George Hees at this time.

* * *

THE LATE HON. GEORGE HEES

Hon. Jean J. Charest (Sherbrooke, PC): Mr. Speaker, only a few days ago we lost one of the longest serving members of this place. Mr. Hees served with great distinction as a member of Parliament for 37 years.

Mr. Hees had a very distinguished career. He also had a full life, full of brightness and joy. He was kind enough to share his unlimited talents with Canadians.

Mr. Hees studied and graduated from the University of Toronto. He also studied at Cambridge in England. He was an athlete who played for the Toronto Argonauts and had the privilege of being on a Grey Cup winning team.

He served in the Canadian Armed Forces in the second world war as a brigade major in the Fifth Infantry Brigade. He was wounded and returned home in 1945. One of his good friends at the service in his honour mentioned a typical Hees story regarding his return to Canada. He came home, the dashing war hero with his arm in a sling, and enjoyed the attention he received everywhere he went, at receptions and elsewhere. The friend told the story of one evening Mr. Hees returned home after one those receptions with the wrong arm in the sling.

Mr. Hees then went on to take an interest in public life. He ran unsuccessfully for the House of Commons in 1945, but was elected in 1950. He subsequently became president of the Progressive Conservative Party of Canada in the years that preceded the election of the Diefenbaker minority government in 1957, and the majority government in 1958.

● (1505)

In the Diefenbaker government he was appointed minister of transport and served with great distinction in that portfolio. He went on to the department of trade and commerce and is remembered with a great deal of fondness by those who worked with him at that time.

Mr. Hees was an unabashed cheerleader of Canada. He was a supporter of his officials and his department and could be a fantastic person for whom to work. Those people who worked with him in the department at the time remember the presence of this minister who demonstrated that, yes, a minister can make a substantial difference within a single department.

Under his leadership in trade and commerce, the department went on to promote trade with other countries and it did this with an unprecedented level of success.

Mr. Hees left politics in 1963. This was a difficult time, as some members will remember, for the government of Mr. Diefenbaker. Mr. Hees, at the time, chose to retire from active politics. He went

on to become president of the Montreal Stock Exchange. He, who had been from Toronto, was now living in Montreal. He also did very well in that responsibility.

He returned to active politics in 1965 and was re-elected. He then went on to serve until he was again named to cabinet in 1984 in the government of Brian Mulroney. This time he was appointed minister of veterans affairs. Of all the accomplishments of his life, at no point did Mr. Hees distinguish himself more than in that portfolio. To this day people who work in that department, who I know and see from time to time, and veterans, remember him very fondly.

Mr. Speaker, you may remember the VIP program that he extended to 10,000 veterans at the time. Mr. Hees, at every opportunity, used to say to people when he was minister of veterans affairs, how every Canadian was a special person. He would pause and remind us that those who had served in those extraordinary circumstances were, in his mind, exceptionally important to the country. He is still very fondly remembered for what he did for each and every one of them.

Mr. Hees served until 1988 when he decided not to run again and was named an ambassador. He is also remembered fondly for some of the work he did in that capacity.

I have a personal story to tell from the first cabinet meeting that I ever attended. I do not think I am sharing any great secret here. As we sat around the table on that very first day, the prime minister reminded us that two people there, who because of their ages could not get into the Senate. Of course I was under 30 years old and Mr. Hees was over 75. Mr. Hees' reply was: ''At least in Charest's case it can be fixed''.

Mr. Hees also had a great deal of enthusiasm for his country and his fellow citizens. What impressed me the most about him was how at ease he was with himself. Here was a man who had a good sense of who he was and of the experiences of his life. He was extremely generous and shared a great deal. His wife, Mabel, also shared his political life. Mibs was her nickname. She was an extraordinary person. I want to extend to his three daughters and, as well, to all those Canadians who remember Mr. Hees our sincere condolences.

[*Translation*]

Mr. Hees was an alumnus of the Royal Military College and—something I would mention in passing as being of interest to the people of Quebec—did battle with George Drew here in this House to get the Collège militaire royal de Saint-Jean created.

I recall that we found, in researching the history of the creation of that military college, a House of Commons discussion between George Hees and Léon Balcer—the former MP for Trois-Rivières, I might point out—in which Mr. Hees defended the idea of creating a royal military college in Quebec. He felt, based on his experience, that this was extremely important. This was a man with a profound sense of what Canada was, and we will miss him.

[*English*]

To his family, all his friends and those who have had the pleasure of working with Mr. Hees, our sincere condolences.

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, it is with great sadness that I learned of the death of my good friend George Hees.

• (1510)

He was a man with whom I had the honour to serve in Parliament for 10 years. He represented Toronto Broadview which is the first constituency in which I lived when I came to this country and was very active in local politics in the east end of Toronto.

He had a long and distinguished career. He had great affection for Parliament as an institution. He was in the best sense of the word a House of Commons man. He was first elected in 1950 and saw some very interesting times in Canadian history, as has been pointed out by the hon. member for Sherbrooke.

Throughout all of the political wars, George Hees was unflappable. He was a man of great humour, one who always had a spark in his eyes and always had a very benign quip at any situation.

In fact I remember the regular sparring that went on between George Hees and Pierre Trudeau on the floor of the House of Commons. These became rituals to which everyone paid attention and the Speakers at the time, Speaker Jerome and Speaker Sauvé, never had to gavel down members because everyone hushed to see who would get the better of the argument. While I have tremendous respect for Pierre Trudeau, my former leader, I have to admit that George got the better of Pierre Trudeau many, many times because he was quick on his feet, he had a great sense of wit and a great sense of history and was able to duel verbally with the prime minister of the time.

As has been pointed out, he spent his career in three different fields. He was a parliamentarian, he was a soldier and he was a sportsman. The young George Hees was a great athletic specimen. He played in the Grey Cup and won with the Toronto Argonauts in 1938. We could certainly use George Hees today. We could have used him the last 20 or 30 years, given the problems we have had with our football team. George was there in the days when the Grey Cup was very much a passion within Canada and certainly within Toronto and contributed much to sports excellence, not only as a professional football player but in other fields.

As a soldier he was one who was prepared to make the ultimate sacrifice. He was wounded at the battle of the Schelde and he carried those wounds with him until his death.

He was a man who I think could be best remembered for his service as a minister of veterans affairs because he had great empathy with those people. He believed that the veterans from the first and second world wars were the greatest of Canadians of our generation because these were people who fought for democracy, fought for liberty but also had to fight for economic survival in the depression. These were people who knew that what hard times were but these were people who knew after the war that we had to build a new society. He felt that they understood the true meaning in the Canadian experience, the kind of just society that we had to fight to preserve and the just society that we had to build for the newer generation, like myself and others who are younger.

As I said, he was a man of great humour. He was a man who I understand at the opening of the Ottawa airport terminal in 1962, when he was minister, was waiting to speak and the Royal Canadian Air Force did a fly past and they flew pretty close to the terminal and all the windows broke. That did not put George Hees off. He just went along with his speech in the unflappable, dedicated way that we knew of him.

His wife, Mabel, was one who garnered great affection in Parliament. She was always with him. She was always supportive. Like George she was a genuinely nice person.

If those of us who serve in the House today could only have a small percentage of the qualities of George Hees, then I think that we could say that we were good parliamentarians.

On behalf of the Prime Minister and the government I wish to extend our sincere condolences to his daughters and to the rest of his family. We have truly witnessed the passing of a great parliamentarian, a great soldier and a great man.

[*Translation*]

Mr. Louis Plamondon (Richelieu, BQ): Mr. Speaker, I would like to add my voice to those of the representatives of the other parties, expressing my most sincere condolences, and those of my colleagues, to Mrs. Hees and their three daughters. I would like to take a few moments for some memories of Mr. Hees.

● (1515)

Mr. Hees was a great sportsman, an exceptional parliamentarian and a career soldier, as well as a minister known for his great efficiency. He was also known in Quebec, more than any other anglophone minister of his day, for having been one of the directors of the Montreal International Expo, during the brief hiatus he took in 1963 in his political career, as well as president of the Montreal stock exchange. We also know how involved he was in working for the creation of the Collège militaire de Saint-Jean. In all, a politician acknowledged by Quebec as having been a good spokesperson for its interests.

As well, he was one of the few politicians to have been a minister in two governments, 20 years apart. He was a minister under Diefenbaker and again in the last Mulroney government.

His work on behalf of war veterans is acknowledged in every Canadian Legion, as well as throughout the world. He has been held up often as an example of support, not only moral support but also concrete action, on behalf of veterans, and for gaining recognition of their true value to society.

I had the honour of getting to know him personally, particularly from 1984 on. At the Conservative candidates' school prior to the September 1984 election, when I spent three days in Ottawa in the month of August, one of the lecturers was Mr. Hees himself. He spoke glowingly of his methods for getting elected every time, of how he did his door to door campaigning. I was very much struck by his way of reaching out to people and his contagious good humour.

This man was an exceptional communicator, as well as a great perfectionist in everything he did. He was characterized by his extreme respect for his colleagues and a most exceptional sense of team work.

We have lost a great democrat. We would like to express our most sincere condolences to his widow and their three daughters, and our sincere appreciation for all that he has contributed to democracy in Canada and Quebec.

[*English*]

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I would like to make a few comments on behalf of the Reform Party of Canada. I extend our sincere condolences to George Hees' daughters, his grandchildren, his great grandchild and to the many friends I am sure he has built up over the generations.

George's service to his country was automatic, whether it was serving the country during World War II or whether it was serving in the House as he did for nearly four decades.

George Hees was first elected in a 1950 byelection and won every election from then on until his retirement in 1988 with the exception of the 1963 election. Imagine running and winning every single time. That is an amazing legacy in itself.

He served in the cabinets of John Diefenbaker and Brian Mulroney. He proved to be a very capable and effective minister and administrator.

In 1988, after his retirement, he was named Prime Minister Mulroney's personal advisor and ambassador at large, overseeing

the transportation, storage and distribution of Canada's food aid programs in the third world.

Although he was offered a Senate appointment several times, he always declined. That is something which is very remarkable. Even though he was offered a no-cut contract, he always declined because he thought there were other things he could be doing.

Mr. Hees was popular and respected by members of all political parties. When he retired from the House he said that serving in the House of Commons is the finest profession any Canadian could have because of the association with MPs from all parties and that everyone is here because they are trying to do a job for the people of Canada. That is really noble. It is certainly the reason we are all here.

I am very fortunate in that one of my staff members worked for George Hees for some time. When he retired in 1988 I was able to hire her when I first came here in 1989. I spoke with her on the phone this morning for a short while: ''Jenny, what do you remember about George Hees?'' She said: ''He was sure good to work for''. A personal testimonial like that is worth a million dollars. She said he was charming and that everybody knew him as George. If he was on the street in Northumberland in his home area people would walk up to him and say: ''Hi, George. How are you?'' He was theirs. They did not address him very formally because he was just one of them. They appreciated him as George.

• (1520)

He retired in 1988 but left an amazing legacy, serving as a senior minister. One thing I was really impressed with was that he was very frugal. He did not think it was appropriate to just ring up taxpayer dollars for all kinds of things.

One example is that when he moved into one office the carpet was fairly well worn. He said: ''We do not have the money right now to replace this carpet''. So there it stayed. It got older and more and more frayed. Finally when the day came to replace the carpet and the workers came to clear the old carpet out, they thought it should go to the museum because it looked that old and would be a great piece for the museum.

That philosophy of serving people was the essence of George Hees. He never forgot why he was here and what he was fighting for. Although he is no longer with us, I am sure his legacy will live on in the House and in minds and hearts of the Canadian people.

On behalf of the Reform Party, we send our condolences to his family and say a personal thank you, George, for all you did for us.

Hon. Christine Stewart (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, it is not possible to express a tribute in the House on the sad passing of George Hees without bringing words of condolence and respect from my constituents in Northumberland.

To this day Northumberland thinks of George Hees with great pride for the 23 years he so ably served the constituents of the riding of Northumberland. The tenacity and hard work of George Hees and his inherent sense of politics earned him the support of his Northumberland constituents for a period of 23 years.

As we have heard, throughout his military and political careers George Hees served Canada and his constituents beyond the call of duty. He was a devoted parliamentarian and a person who believed in the great potential of Canada and Canadians.

As Mr. Hees' successor in the riding of Northumberland, I can attest to the fact that he was well loved throughout the riding. He was respected and admired on a non-partisan basis. He was a true gentleman. His legacy in the region is alive and well. Around Northumberland there still abound everyone's favourite George Hees stories.

One of mine remains his comment to me the night before my first election. He said he felt I had run a very good campaign. I do not know if at that time he imagined I would win that election campaign by a resounding 27 votes, but I can say that my success on that campaign of 1988 in large part was due to the fact that as a campaigner one did not forget to speak of George Hees with great respect and admiration.

In Northumberland we are very proud of George Hees and the way he represented us. My heartfelt condolences and sympathy go out to his family and all the many friends of George Hees.

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, on behalf of the New Democrats in the House today I join with my colleagues to pay tribute to George Hees, honouring his long record of public service, military service and parliamentary service.

I had the opportunity to sit in the House of Commons with Mr. Hees for nine years. I echo the comments of the Minister of National Defence that George Hees was a House of Commons man and someone who gave to this place and to those who came here as new members an appropriate sense of the responsibility and also the joy and collegiality of being a member of Parliament.

I say with some regret that I do not always feel the House is as collegial as it was in previous Parliaments or as George Hees would have liked it to continue to be.

I was here for some of the exchanges between George Hees and former Prime Minister Trudeau. I remember very well the day when he stepped out and raised his dukes, so to speak, and challenged the Prime Minister in a kidding sort of way that perhaps they could settle the matter outside.

● (1525)

I remember very well his daily walks. I used to run into him near the flame and elsewhere because I have the habit of going for a walk myself. Many times I had the opportunity to have informal conversations with Mr. Hees and I came to like him very much.

I swam at the Chateau Laurier and I used to talk to him there. He was just that kind of person you could get to know. He was as very interested in younger people who had been elected to Parliament. He would give you a bit of the history of this place and get you to have the right feel for your job.

An article in the *Globe and Mail* this morning entitled ''Lives Lived'' was about George Hees. For the record, because I know he would not want the memory of another happy warrior in this place to be misreported, when he beat Pauline Jewett in 1965 she was not a Socialist, she was a Liberal. She became a Socialist later when she became more successful.

When George Hees became the Minister of Veterans Affairs in 1985 my case work with respect to veterans affairs dropped just like that. As Minister of Veterans Affairs he must have told the bureaucrats in the civil service: ''Clean up your act. I want you to give the benefit of the doubt to veterans. I do not want anymore of this stalling and delaying''. It made a real difference. Anybody who was a member of Parliament could see it at that time. Your case load with respect to veterans affairs literally disappeared overnight when George Hees became the Minister of Veterans Affairs. I want to pay tribute to that particular element of his career.

On behalf of the NDP I extend our condolences to his family. I am very sorry on a personal level that he is no longer with us.

Mr. Leonard Hopkins (Renfrew—Nipissing—Pembroke, Lib.): Mr. Speaker, George Hees was married on June 30, 1934 to Mabel Dunlop of Pembroke, Ontario. Mabs Dunlop, as she was known, was the daughter of A.E. Dunlop, the provincial treasurer in the Conservative government in Ontario for many years. George was very proud to have married into that family. The Hon. A.E. Dunlop, the former treasurer of Ontario, died earlier that year just before George and Mabs were married.

As Minister of Veterans Affairs, the Hon. George Hees invited me and others in the House at the time to the 45th anniversary of the Dieppe raid. I can recall how emotional he was at times during that visit. He did a great job for Canada as a spokesperson, as one to represent the veterans, and we had many cenotaph ceremonies remembering those who died at the battle of Dieppe.

As veterans affairs minister George Hees was very personal, very in depth and had a great empathy for his job. All veterans got the benefit of the doubt when they asked George Hees to look into a case.

One of the reasons George Hees lived from 1910 until 1996 was that he was a great believer in physical exercise, as mentioned by a previous speaker. He was always out doing his thing early in the morning and even in the evenings. Besides being a great person in phys-ed, he was never at a loss for words either.

He was first elected in 1950 and then re-elected in 1953, 1957, 1958 and 1962. He did not run in 1963. He came back into the House in 1965, when I was first elected. He was in the House for the next 23 years after that.

● (1530)

Of interest, I believe nearly all of the ministers from the Ontario cabinet came to Pembroke for his father-in-law's funeral in 1934.

George was a hail fellow well met. When we came back from the the 45th anniversary of the Dieppe raid, I delivered a statement in the House praising George Hees and thanking him for doing such a fine job in leading that delegation to that very important memorial. I recall at the time Mary Collins from Vancouver sent me a kind note across the House thanking me for saying something nice about George Hees because in those days not very many people said nice things about anybody. Nevertheless he was a tremendous fellow.

I have one last comment with respect to George's in-laws. It is of interest to note that Paul Martin Senior first ran in the old Renfrew North provincial riding against A.E. Dunlop who was George's father-in-law. The most interesting part of that story is that Paul Martin Senior's father worked in the lumber yard for A.E. Dunlop and his son was running against A.E. Dunlop in the provincial election. That created a little interest. George was always one to tell a lot of stories of his background.

Today we are really celebrating the life of a person who spent 35 years of elected service in this House of Commons. As the representative for Renfrew—Nipissing—Pembroke, I extend to George's family and all his relatives and friends sincere condolences from Lois and me today.

The Acting Speaker (Mr. Kilger): In conclusion I thank all the members who participated during the past half hour in the tribute to the late George Hees.

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I

have the honour to table in both official languages the government's responses to 15 petitions.

* * *

[*Translation*]

COMMITTEES OF THE HOUSE

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, pursuant to Standing Order 108(2), I have the honour to present, in both official languages, the first report of the Standing Committee on the Environment and Sustainable Development relating to the second Conference of Parliamentarians of the Arctic Region, held on March 13 and 14, 1996 in Yellowknife, and to the third ministerial meeting on the Arctic environment protection strategy, held on March 19 and 21, 1996 in Inuvik.

[*English*]

The committee is recommending that the government take the necessary measures to implement the recommendations contained in the statement of the second conference of parliamentarians, that the standing committee of parliamentarians of the Arctic have a permanent and substantive role in the Arctic council, and finally that the Parliament of Canada formally recognize the standing committee of parliamentarians of the Arctic.

[*Translation*]

Pursuant to Standing Order 109, the committee requests that the government table a response to this report.

[*English*]

I would like to thank officials from Environment Canada for their excellent work in co-ordinating the conference of parliamentarians.

HEALTH

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, the Standing Committee on Health has the honour to present its first report in accordance with its order of reference of Thursday, March 7, 1996.

Your committee has considered votes 1, 5, 10, 15, 20, 25 and 30 under health in the main estimates for the fiscal year ending March 31, 1997 and reports the same.

* * *

● (1535)

PUBLIC SAFETY OFFICERS COMPENSATION ACT

Mr. Paul Szabo (Mississauga South, Lib.) moved for leave to introduce Bill C-314, an act respecting the provision of compensation to public safety officers who lost their lives while on duty.

He said: Mr. Speaker, I am honoured and pleased together with the hon. member for Mississauga East to introduce this bill to the House today, to establish a registered charitable trust fund for the benefit of families of police and firefighters killed in the line of duty.

The fund will be administered by an independent board and will be set up to receive such money as appropriated to it by Parliament, or a legislature of a province, or as received by gift or bequest.

Canadians are aware of the daily risks that face our police and firefighters as they serve our emergent needs. When one of them loses their life in the line of duty, all of us mourn that loss. This fund would be a tangible way for Canadians to honour their courageous service and to assist their loved ones in their time of need.

I therefore hope my bill will have the strong support of all hon. members.

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

* * *

[*Translation*]

CRIMINAL CODE

Mrs. Christiane Gagnon (Québec, BQ) moved for leave to introduce Bill C-315, an act to amend the Criminal Code (protection of witnesses).

She said: Mr. Speaker, I am pleased to introduce a bill to amend the Criminal Code. The purpose of this bill is to protect witnesses and complainants in proceedings in which the accused is charged with a sexual offence, sexual assault or where violence has been used, threatened or attempted.

This bill is designed to prevent the accused who represent themselves from cross-examining the victims in such proceedings. Victims and witnesses under the age of 14 will also be covered by the provisions allowing them to testify in camera. This bill is part of a larger strategy to eliminate violence against women. I hope it will meet with the approval of this House.

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

* * *

[*English*]

PETITIONS

THE JUDICIARY

Mr. Morris Bodnar (Saskatoon—Dundurn, Lib.): Mr. Speaker, I have one petition requesting that there be a full public inquiry into the relationship between lending institutions and the judiciary and to enact legislation restricting the appointment of judges with ties to credit granting institutions.

PROCEEDS FROM CRIME

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, I have three petitions to present pursuant to Standing Order 36.

The first two petitions, containing 43 signatures each, request that the House adopt the private members' bill to provide in Canadian law that no criminal profits from committing a crime.

GENERIC DRUGS

Mr. Paul DeVillers (Simcoe North, Lib.): Mr. Speaker, the third petition contains the signatures of 48 constituents of Simcoe North. They request that Parliament regulate the longstanding Canadian practice of marketing generic drugs in a size, shape and colour similar to that of their brand name equivalents.

HUMAN RIGHTS

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, pursuant to Standing Order 36, it is my duty and honour to rise in the House to present two petitions, duly certified by the clerk of petitions, on behalf of 139 constituents of Saanich—Gulf Islands.

The petitioners humbly pray and call upon Parliament to ensure that the present provisions of the human rights act and the charter of rights and freedoms prohibiting amendments to indicate societal approval of same sex relationships, homosexuality and the undefined phrase of sexual orientation remain in force.

THE CONSTITUTION

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, I have the honour to present several petitions with signatures totalling approximately 150 from residents in my riding from Port au Port east and Port au Port west, Aguathuna, Stephenville, Kippens and St. George's.

● (1540)

The petitioners pray and request that Parliament not amend the Constitution as requested by the Government of Newfoundland and refer the problem of educational reform back to the Government of Newfoundland for resolution by non-constitutional means.

ENERGY

Mrs. Karen Kraft Sloan (York—Simcoe, Lib.): Mr. Speaker, I have a petition which states that there is an unequal division of federal subsidies between non-renewable and renewable energy generating sectors.

The petitioners state that an immediate shift of a major portion of funds from AECL to the renewable energy sector would stimulate this industry thereby making it able to meet a huge pent up demand from consumers for domestically produced photovoltaic and wind turbine components. Coupled with tax incentives, this would help create uncounted thousands of new long term jobs.

The petitioners are calling upon Parliament to realize the immediate benefit of clean energy generation and job creation in light of Canada's commitment to agenda 21 and to act in this regard without further delay.

PROCEEDS FROM CRIME

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, pursuant to Standing Order 36, I put forward a petition, which has been duly certified by the clerk as to proper form and content, from residents of Pickering, Etobicoke, Mississauga and other communities. The petitioners pray that Parliament enact Bill C-205 introduced by the hon. member for Scarborough West at the earliest opportunity so as to provide in Canadian law that no criminal profits from committing a crime.

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions pursuant to Standing Order 36, both of which have been circulating across Canada.

The first petition comes from Gloucester, Ontario. 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 the traditional family who 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 upon Parliament to pursue initiatives to eliminate tax discrimination against families who decide to provide care in the home for preschool children, the disabled, the chronically ill or the aged.

LABELLING OF ALCOHOLIC BEVERAGES

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition comes from Kingston, Ontario. The petitioners would like to bring to the attention of the House that consumption of alcoholic beverages may cause health problems or impair one's ability and specifically, that fetal alcohol syndrome and other alcohol related birth defects are 100 per cent preventable by avoiding alcohol consumption during pregnancy.

The petitioners therefore pray and call upon Parliament to enact legislation to require health warning labels to be placed on the containers of all alcoholic beverages to caution expectant mothers and others of the risks associated with alcohol consumption.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): I ask, Mr. Speaker, that all questions be allowed to stand.

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

Some hon. members: Agreed.

Mr. Hermanson: Mr. Speaker, my Question No. 9 to which I requested a reply within 45 days has been sitting on the Order Paper since September 1994.

I spoke with the parliamentary secretary to the government House leader who indicated a few days ago that there were only four government departments remaining that have not come forth with a reply. I wonder if the government might indicate which four departments are so slow in responding with an answer to my question.

Mr. Campbell: Mr. Speaker, I will certainly take that matter up with the appropriate members on this side and determine what the delay has been.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

The House resumed consideration of the motion that Bill C-45, an act to amend the Criminal Code (judicial review of parole ineligibility) and another act, be read the second time and referred to a committee.

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

● (1545)

The Acting Speaker (Mr. Kilger): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Kilger): The government whip has instructed that the vote will take place tomorrow, Tuesday, June 18 at 5.30 p.m.

INCOME TAX BUDGET AMENDMENT ACT

The House proceeded to the consideration of Bill C-36, an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act, as reported (with amendment) from the committee.

Hon. David Anderson (for Minister of Finance, Lib.) moved that Bill C-36, an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act, as amended, be concurred in.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

An hon. member: On division.

(Motion agreed to.)

The Acting Speaker (Mr. Kilger): When shall the bill be read a third time? By leave, now?

Some hon. members: Agreed.

Mr. Anderson (for Minister of Finance, Lib.) moved that the bill be read a third time and passed.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to speak today on third reading of Bill C-36, the 1995 budget tax measures bill.

As hon. members will recall, that budget focused not only on cutting program spending, it also focused on tax fairness which remains a priority of the government.

On the spending reduction side, for the three year period on which last year's budget focused, 1995-96 to 1997-98, there were almost $7 in spending cuts for every $1 in new taxes. Spending reductions for this three year period totalled $25.3 billion with the burden being shared.

On the tax fairness side, in the 1995 budget we introduced several tax measures which are all based on the principle of fairness and equity in the tax system. These measures accomplish a tightening of the administration of the tax system, a removal or reduction in a number of tax preferences, and an increase in fairness in the system.

Since the time of the 1995 budget announcement the government has responded to the concerns of Canadians and members of the House about the impact of some of these measures, and changes have been made. The government believes in consulting with Canadians and taking action in response where it is warranted. I want to briefly highlight now some of the main measures of this bill reflecting that input.

The government believes tax assistance should be provided to Canadians to encourage them to save for retirement and that the fiscal cost of this tax assistance should be shared fairly. Changes in Bill C-36 help to achieve this. Under this bill the contribution limits for registered retirement savings plans and money purchase registered pension plans are being reduced to $13,500 this year. They will rise incrementally to $15,500 in 1999 and 1998 respectively. The 1996 budget subsequently froze these limits at $13,500 for another six years. These additional limits will be dealt with in legislation to be introduced at a later time.

Bill C-36 also reduces the over contribution allowance to RRSPs from $8,000 to $2,000. Originally intended to help taxpayers who inadvertently make an over contribution error, this measure will now restrict those taxpayers who took advantage and made deliberate over contributions. However, over contributions made before budget day are excluded from this penalty.

In addition, Bill C-36 gradually eliminates the tax free transfer of retiring allowances to RRSPs. Given other changes in the retirement savings system, this measure has outlived its usefulness.

Another area affected by the bill is family trusts. As hon. members know, this has been an area of concern to many Canadians. In the 1994 budget the Minister of Finance referred the taxation of family trusts to the finance committee to review, among other things, the election to defer the 21 year deemed disposition rule allowed by the previous government. To ensure that capital property cannot be held for the benefit of successive generations of trust beneficiaries without tax consequences arising on death, there is a deemed disposition of a trust's capital property every 21 years. The previous government had changed this to allow for the first 21 year deemed disposition date to be deferred until the death of beneficiaries who are no more than one generation away from the settlor.

• (1550)

Bill C-36 contains two measures that affect the tax regimes of these family trusts. One deals with the undue deferral of capital gains. The other affects the splitting of trust income because of the preferred beneficiary election.

The preferred beneficiary election allows trust income for income tax purposes to be allocated to preferred beneficiaries without any requirement that the beneficiaries actually receive the amount allocated. Bill C-36 limits the preferred beneficiary election to disabled beneficiaries. This will ensure trust income cannot be arbitrarily allocated to a beneficiary instead of being taxed at the trust level just because the beneficiary is at a low marginal tax rate.

Bill C-36 also eliminates the election to defer the 21 year rule. This measure removes the possibility of this election causing the undue deferral of capital gains. It also addresses the perception that family trusts are some sort of tax shelter.

Trusts for which an election to defer the 21 year rule has already been made will be subject to a deemed disposition of trust assets at fair market value on January 1, 1999.

The 1995 budget increased the corporate surtax from 3 per cent to 4 per cent of basic federal income tax. As a result, additional corporate revenues of $115 million to $120 million annually should be generated.

In addition, the large corporations tax, which applies to all corporations with over $10 million in capital, is being raised from 0.2 per cent to 0.225 per cent. An extra $150 million a year in corporate revenues is anticipated from this measure.

Further, this bill includes a temporary surcharge of 12 per cent, levied under part VI of the Income Tax Act, on the capital tax paid by banks and other large deposit taking institutions between February 26, 1995 and October 31, 1996. These measures ensure these institutions contribute to deficit reduction.

As hon. members will know, the surcharge was extended for another year in the 1996 budget. Again, this will be dealt with in legislation to be discussed in the House at some time in the future.

Finally, an additional six and two-thirds per cent tax on the investment income of Canadian controlled private corporations will reduce their tax deferral opportunity.

[*Translation*]

In that regard, allow me to stress that Bill C-36 ends the tax deferral on business income.

While businesses could previously choose the date on which their fiscal year ended, December 31 will now be the date set as the end of the fiscal year for all businesses.

However, the government received a number of comments on this provision, and some amendments were made in order to address the concerns expressed by some businesses regarding, among other things, seasonal activities.

A special ''alternative'' method of calculating income will now be available to some businesses that prefer an off-calendar fiscal period.

These taxpayers will have to review their income to consider the money earned between the end of their fiscal period and the end of the calendar year.

Bill C-36 also introduces the Canadian film and video tax credit, which will directly benefit Canadian film production companies. It replaces the outdated capital cost allowance tax shelter, which concerned producers of Canadian certified films.

The film producer will now receive all the benefits from the new Canadian film and video tax credit. In addition, the credit will be available only to businesses whose main activity is the production of Canadian films or videos in Canada. This very specific clause should restrict credit applications aimed at avoiding taxes on income from other sources.

• (1555)

[*English*]

Let me move on now to some of the other highlights of the bill. Bill C-36 provides special enhanced tax assistance for donations of ecologically sensitive land. When certified ecologically sensitive land is donated to a charity or municipal body, there will be no annual income restrictions on the donor. Currently the limit is 20 per cent of donor's income.

Bill C-36 eliminates the inflation of certain scientific research and experimental development measures, SR and ED tax credits, and improves that administration of these tax incentives.

There will be restrictions on the expenditures on which SR and ED investment tax credits can be earned, and non-profit SR and ED corporations exempt from tax will now have to report their SR and ED work and expenditures.

Another measure in the bill protects the collection of source deductions by making secured creditors who interfere with the remittance of source deductions liable for remittance along with any interest and penalty charges, just as the taxpayer is liable.

As a result of Bill C-36, seniors with incomes over $53,215 who have to pay back some of their old age security benefits at tax filing time will now have tax withheld when benefits are being paid out.

Finally, Revenue Canada will be extending the use of the business number, that is the one registration number for business dealings with government, to other departments and levels of government that have a legal right to this information. This will reduce overlap and duplication and increase efficiency for both business and government.

I have summarized the highlights of Bill C-36. It contains straightforward tax measures that exemplify the government's commitment to fairness and equity in the tax system. I am also pleased the bill as it has now emerged reflects the input of Canadians and hon. members to which we have responded.

I thank hon. members for their assistance through all stages of the bill. I strongly urge my colleagues to pass Bill C-36.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to take part in the debate at third reading of Bill C-36, which primarily seeks to implement measures proposed in the 1995 budget, along with some from the 1996 budget.

As is its habit with the majority of bills, the government included a series of scattered and ill-assorted measures in the same bill. Of course, there are some positive things in Bill C-36, including the provisions on tax deferral, gifts of ecologically sensitive land, business number and, in particular, the film tax credit, which we strongly supported during the proceedings of the finance committee, since it will benefit the whole industry.

The problem with Bill C-36 is that, in spite of these positive measures, the government, true to form, introduces a few measures that are particularly harmful or not very meaningful, but all tied up in pink ribbon.

Remember when the Minister of Finance delivered his budget speech and told us that, yes, the government had heard the plea made by the official opposition and that it would reform family trusts. The official opposition went through three different states of mind. First, we were pleased because, at last, the government was listening to us and would reform a totally unfair program. Second, we were disappointed, because the reform would only be implemented as of 1999.

So, although some positive action was to be taken to correct the unfairness resulting from family trusts, the government was giving until 1999 to those who benefit from this program to transfer their assets into other tax planning vehicles which will be just as effective in terms of avoiding the payment of taxes.

• (1600)

I would like to take a look at two measures in the bill, the one involving family trusts, of course, with a recent example to illustrate my point, the one brought up by the auditor general, and I will conclude with the positive measure in Bill C-36 regarding film tax credits.

First, I will look at family trusts. As I mentioned, we had been waiting a long time for this measure and the government disappointed us. Why were we disappointed? As early as the 1993 election campaign, the official opposition, the Bloc Quebecois, pointed out the problem with the family trust system. We had two goals in mind: the first was to show, using this example, that there was a problem with the Canadian tax system, that it was in need of reform, not tinkering, but heavy duty reform.

Our second goal was to show that there were people in Canada who were not paying their share, and that these people were not the poorest, nor are they today, but the richest. The people who have been able to use this family trust provision are not in the average income bracket, they are not people earning under $200,000 a year, or people earning $35,000. For the most part, those using family trusts as a tax planning tool are the rich and the ultra rich.

What was the government's response? First it said: ''We will reinstate the 21 year rule''. What is the 21 year rule? The answer is very simple. The Conservatives, preceding the present government, had changed this rule, which had existed previously and which provided that, at the end of the 21st year of a family trust, the trustees had to realize their assets, in other words, estimate their assets and pay the capital gains accumulated over the 21 years.

The Conservatives changed this rule so that the capital gains tax payable could be carried forward until the death of the last beneficiary. Therefore, if the trust beneficiary lived to age 80, no capital gains tax was paid for 80 years.

This was really unfair, unfair to everyone. What we wanted was not just a return to the 21 year rule, as Bill C-36 proposes, but a review of all family trusts and not just the 21 year rule, because, with spreading tax over 21 years, let me tell you a tax dollar in the first year will not be worth the same as a tax dollar in the 21st year. We are already questioning the rule underlying this 21 year rule, never mind the 80 year rule.

Second, not only during the 1993 election campaign, but at every opportunity in the deliberations of the Standing Committee on Finance, the official opposition called for an in-depth review of the Canadian tax system so that family trusts, in combination with other provisions of the Income Tax Act, foreign tax conventions and so on, could not provide an excuse for rich Canadian families to avoid paying their due to Revenue Canada.

• (1605)

The government did not listen to us. Instead, it introduced Bill C-36, which sets out slightly better realization of assets rules for family trusts by reducing the time period from about 80 years to 21 years. But what we need is a comprehensive review, not only of family trusts, but also of the Income Tax Act, of some general tax provisions and of international conventions.

We must ensure that each of these scattered provisions no longer allow the wealthiest Canadian families to avoid paying taxes to the federal government.

To illustrate what the official opposition has been contending for almost two and a half years about family trusts and the need for a comprehensive review of the tax system, in his recent report, tabled on May 7, the Auditor General of Canada brought to light something we had been suspecting for a long time, a problem we had been raising almost every day in this House, at the Standing Committee on Finance and at the Standing Committee on Public Accounts presided by my hon. colleague from Beauport—Montmorency—Orléans.

In his report, the auditor general reveals that, in December 1991, a family trust holder had transferred to the United States $2 billion in assets without paying a cent in taxes. This transaction took place in 1991, the whole process, all the regulations and the analysis that made it possible to transfer billions of dollars to the U.S. tax free only came to light in March and in May of this year, when the auditor general blew the whistle on this.

How could the transfer of $2 billion be pulled off? Exactly the way we said it could be done every time we stood in this House to question the Minister of Finance on family trusts. By using the family trust provisions. By using the capital gains provisions of the Income Tax Act. By using the lack of clarity of the non-resident provisions of the Income Tax Act. And fifth, by using the tax convention between Canada and the United States.

It was a mix of all that and, to be able to afford mixing all that, you have to be a millionaire. Do you know why? Because you would have to hire the top tax experts in Canada to know how to use all these tax rules, how to use the family trust scheme, and to be on top of the latest decisions or the latest analyses made by Revenue Canada. What the auditor general tells us clearly illustrates what we have been saying ever since we were elected to this House. A Canadian resident was able to transfer $2 billion in assets to the U.S. without having to pay a penny in taxes now or in the future.

This case did so much to illustrate the shortcomings of the tax system, as well as the relationship between the system and the great tax experts representing the families of Canadian millionaires and billionaires, that, after the auditor general published his report, the federal government felt it had to try to suppress this affair.

This shows two things. First, that there is no political will on the other side to really correct the deficiencies of the tax system, in particular the links between family trusts, tax agreements and the tax system in general; and second, that the government has things to hide.

Why do I say this? Because, if they wanted to correct the situation, I feel they should go beyond the little provision on family trusts in Bill C-36, which provides for two minor measures, by first getting to the bottom of these family trusts that were transferred to the U.S. A $2 billion trust means that someone got to keep a lot of money without paying any taxes on it. They should first get to the bottom of this and then quickly review the whole tax system openly and publicly, instead of behind closed doors.

• (1610)

There has been a slight improvement compared to what the Minister of Finance announced in his last budget. Although the group still consists of eight experts behind closed doors, it has to report to the Standing Committee on Finance at every step in the review of business taxes in particular. This is already a slight improvement but, as I will show you a little later, we must be vigilant, as there is no political will to review any part of a system that benefits those close to power, not to mention those in power.

Why do I deplore the government's record in this regard? Let me explain. In the days that followed the release, on May 7, of the auditor general's report on family trusts, the Standing Committee on Public Accounts received, as usual, that report. I should point out that the committee is chaired by the hon. member for Beauport—Montmorency—Orléans and that another eminent member is the hon. member for Trois-Rivières. Normally, the committee analyses the report from A to Z.

When the time came to look at chapter I, in which was mentioned the $2 billion scandal involving family trusts to which I just referred, the Liberal member for Brome—Missisquoi, the brother of the other one, said: ''We must analyze this case urgently. This is one of the worst scandals''. The member even conducted two major communication operations. He came out and made a statement before radio and television reporters, saying there was a scandal and that we had to shed light on the issue, because the whole thing was very mysterious.

The member even wrote a press release from his office that said exactly the same thing. There was scandal behind this. Family trusts and the whole tax policy had to be reviewed and, in particular, we had to shed light on the tax free transfer of $2 billion in trust to the United States, thanks to existing loopholes.

The member's determination to go to the bottom of things did not last two days. As soon as we heard a rumour to the effect that a very rich Canadian family might be involved and that, if we went back to before the 1991 decision made by the Conservatives, we might discover some Liberal involvement, there was a complete change of attitude. We did not see the member Brome—Missisquoi for over a week. He was very busy with the committee, we were told.

During this time, the government launched into a rather impressive cover-up. The mandate, which would normally lie with the public accounts committee, which can act as a true commission of inquiry, was transferred. This committee has all the powers to act as a commission of inquiry, and it has the mandate to do so based on the auditor general's report. Only chapter I was transferred, not the entire report of the auditor general in which he puts his finger on the scandal of the billions of dollars that are being moved tax free out of the country to the United States.

The mandate of the finance committee can pretty much be summed up as analysing fiscal policy in a general manner, with a particular emphasis on policy with respect to residents and non-residents, so that things which took place in the past will not happen again in the future. That is the mandate of the finance committee.

If we listen to the government, we will never get to the bottom of the 1991 scandal. And the reason is because the system in place—we saw it last week—is being perpetuated by eminent tax experts—because only experts can understand the ins and outs of the tax system—who work hand in hand with Revenue Canada, and its senior officials, deputy ministers, assistant deputy ministers and senior analysts, in order to benefit a handful of privileged people, a handful of insiders.

In the United States, it is a serious crime to be an insider; almost as serious as first degree murder. Today, as we are seeing, the auditor general is casting light on some things.

• (1615)

He speaks of a process in which most of the deck is missing, nearly 95 per cent of the information is lacking. He tells us that, from one week to the next, there has been a total change of direction in the interpretation of taxation laws, which resulted in the transfer of two billion dollars to the US tax free. It started as a refusal by Revenue Canada, followed by pressures on the Department of Finance from who knows what quarter, and moved on to a final decision allowing this transfer of a trust to the U.S. without paying any tax.

A situation like this is worrisome, and the reason why a bill like C-36, which does contain some good measures, but clouds the issue of family trusts, as they are attempting to do with chapter 1 of the auditor general's report, is no longer workable.

Despite my tender years, I have followed the debates in the House, particularly on public finances, the auditor general, public accounts, even the business of the House. I must admit that I have never seen a situation like the one that has existed for the past month or so, in which government members, members of the finance committee, are attempting to run down the auditor general, to attack his attitude.

The auditor general is the most respected and respectable man in the senior public service. Why is that? Because he is answerable to Parliament. He comes and reports to Parliament on behalf of the departments on the good or poor management of public funds. He also forces public servants to be accountable. Now, we have just been told—I heard it from the very mouth of the Chair of the finance committee—that the auditor general may have erred slightly. The Liberal members of the finance committee questioned the auditor general very closely, not to cast some light on the situation or on certain particularly complex points of taxation law relating to family trusts, but to trip up the auditor general.

For those who are still interested in this matter, and I believe growing numbers are, because people have had enough of this business of golfing buddies going off to Florida together—last week, the committee heard six taxation specialists on the matter of family trusts, which ought to be our primary concern in Bill C-36. Of the six, one expert was invited by the official opposition, and another by the second opposition party.

Believe it or not, the four tax experts invited by the government went round the table sometime in the middle of the evening to explain their analysis of the case criticized by the auditor general and of the whole system known as the advance rulings system at Revenue Canada, which provides analyses of certain tax provisions for taxpayers. The game continued. The tax experts had questions about the auditor general's analysis, tax experts who revolve around power, the department of revenue, the deputy minister of the department of revenue, his principal advisers and the advance rulings division, which, in December 1991, made a ruling on the transfer of a $2 billion family trust to the United States tax free. These are people who also revolve around the deputy minister of finance, Mr. Dodge, and Mr. Farber, a special adviser, who does more policy making than his minister.

Last week we had laid out for us what we have always suspected as ordinary taxpayers. There are people who benefit roundly and they are not the low, middle or high income folks, but the richest Canadians, the millionaires and billionaires represented by these tax experts. We saw that the power lies here. The four tax experts criticized the man most respected by the federal public service and Parliament. These experts, who normally look at us with a certain haughtiness and say: ''Look, we understand a very complex tax system that you know nothing about. So, please do not ask any questions'', were itching to take on the auditor general, so much so that we are obliged to provide a clarification.

● (1620)

We asked tax experts whether we were right in our analysis of the tax provisions that made it possible to transfer $2 billion abroad tax free. We did not ask them to express a political opinion and to say: ''You should not ask questions about this. The auditor general should not have said this''.

Mr. Goodman, a renowned tax expert, told us during committee proceedings, which were televised: ''These things are too complex. The auditor general should never have condemned this. He brought discredit on the process leading to Revenue Canada's advance rulings, which allows billionaires to transfer their money to the U.S. without paying taxes. You are generating—these are his words—a siege mentality against Revenue Canada, whose senior officials will no longer be willing to make such decisions''.

That may turn out to be a good thing, because the $2 billion that was transferred to the U.S. represents hundreds of millions of dollars in taxes that were not collected here and that the people of Quebec and Canada will have to pay for.

As I was saying, we have a case that was condemned by Martin Leclerc, a well-known journalist with the *Journal de Montréal*. On June 10, Mr. Leclerc wrote: ''They want the auditor general's head because he condemned the family trust scandal''. He even said: ''A Liberal member—I will not mention him by name, but he chairs the finance committee—is trying to discredit him''.

He is trying to discredit the auditor general. It was obvious to everyone. At the same time, the sub-heading read something like: ''Gravelle, Dodge and Farber, three Revenue Canada mandarins who are not accountable to anyone, let a billionaire transfer $2 billion to the U.S. tax free''. We are no longer the only ones to notice that tax inequity has been raised to the status of a system and may have been for decades.

As I said earlier, some of the tax experts who testified before the committee last week on the subject of family trusts and who were supposed to give us tips on how to plug the loopholes in the tax system limited their remarks to putting down the work done by the auditor general and criticizing the poor parliamentarians that we are for trying to get to the bottom of the process which led to the decision made in 1991 to transfer $2 billion, possibly setting a precedent allowing hundreds of millions more to be transferred to the U.S since. They basically told us: ''Do not ask us any questions''.

There is a big problem there. Just to give you an idea of how big the problem is, when we asked the tax experts before us: ''Were you in any way involved with officials or former senior officials who may have worked at Revenue Canada or at the Department of Finance at one time or another, who may have taken part in the analysis that led to the 1991 decision to transfer $2 billion to the U.S. tax free or may have known about the ruling made by Revenue Canada at the time but not made public until March 1996, this year, and could therefore have acted as insiders, making other persons benefit from a precedent set in 1991 but that only a handful of people knew about?'', these witnesses had nothing to say. And this was just one case that was uncovered.

There was a tax expert representing Stikeman Elliott, a well known firm of tax consultants which provides advice to millionaires, billionaires and other very rich people. A Mr. Tilack worked until very recently for Revenue Canada's advance income tax ruling division, and may have been aware of the decision made in 1991 and may have made Stikeman Elliott benefit from it. When we asked Mr. Wilkie, who was Stikeman Elliott's representative, if he had had contacts with these people, he jokingly said yes, a former minister.

However, when we mentioned Mr. Tilack's name, Mr. Wilkie was no longer laughing. The same thing happened to their financial special advisor, Mr. Farber, who was sitting behind and whose face looked quite drawn when he left the room.

● (1625)

As we figure out the existing links between some well known tax firms and senior public officials, including deputy ministers,

assistant deputy ministers and others from Revenue Canada and the finance department, we hurt them a little bit.

If we succeeded in breaking this system of privileged contacts and anticipated decisions for millionaires and billionaires, these firms might make less money than they do now by providing precious advice to help rich people avoid paying taxes.

They might make less money than they do by giving complex advice, such as that which lead to the tax free transfer of $2 billion, based on five provisions in the tax conventions signed by Canada and the United States. These firms would make less money than they currently do if these provisions were understood. They would make less money if, as recommended by the auditor general in his 1992 report, all advance rulings were made public.

It is not right that, in the case of the 1991 family trusts, about five tax provisions were used; that Parliament was not informed of this possibility of transferring funds; that, according to the deputy ministers and the assistant deputy ministers, neither Revenue Canada nor the Department of Finance deemed worthwhile to inform in any way the elected representatives of the day of the tax loopholes that allowed for the tax free transfer of $2 billion. There is something wrong. We are in trouble if we allow this state of affairs to continue.

When attention focusses on the system that has been in place for several years now between Revenue Canada and tax experts, things start to heat up and the government begins to panic. They do not know what to do next, so they gag the public accounts committee, which should normally have looked at this case, and transfer responsibility to the finance committee with as broad a mandate as possible, so that nothing will ever come to light.

I have never seen such a case, nor have I ever seen the government so intent on hiding the truth, on keeping from Quebecers and Canadians all the inside information on this affair, which has been described by the auditor general, and by many others, since he brought it to light, as nebulous.

I would say to you that this does not augur very well for the general review of taxation recently announced by the minister. You may recall that in the 1996 budget the Minister of Finance announced that he was forming a group of eight experts to review taxation, behind closed doors, and that this group would submit its report in the fall.

When the family trust scandal hit, the finance minister had a slight change of heart and put us in the picture, as they say. The members of the Standing Committee on Finance will be able to follow the work being done by the eight experts and to have progress reports on all their discussions until the publication of the final report.

Judging by the government's attitude in the family trust affair condemned by the auditor general, I wonder to what extent there will be a will to ensure that taxation in Canada is equitable for everyone and not just for a handful of people who can benefit from the same information, the same monetary support when dealing with tax experts who understand full well the complexity of taxation and who know how to turn it not just to the great advantage of wealthy families but also to their own advantage.

That is what I wanted to say about family trusts. The provisions in Bill C-36 will not change in any way the scandal condemned by the auditor general, or the other scandals that are not known to us, but which probably followed in the wake of the precedent set by this case of $2 billion in assets transferred tax free.

I will, if I may, conclude with a provision of Bill C-36, the wording of which we accept and support. I am referring to the film tax credit. I have the honour of informing you that the official opposition worked very hard to have this provision included.

• (1630)

I am thinking in particular of my colleague from Richmond—Wolfe, who is the opposition critic on heritage and who insisted that this provision, amended during consideration by the finance committee, be passed before the summer recess.

We insisted because this provision will be of considerable benefit to the film industry and to others representing the world of culture, such as ADISQ or Mr. Rozon's Spectra. We are proud to have contributed to having the debate on this particular clause move forward.

Unfortunately, as I said earlier, the government has the bad habit of bundling everything together—good and very positive measures with measures I consider particularly twisted like those involving the family trusts—and asking Parliament to vote on them. As I have been saying, there are good measures such as tax credits for film productions, but because of the bad measures, I must ask my colleagues to vote against the bill.

[*English*]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, I am here today to speak on Bill C-36, an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canada Shipping Act.

First I will talk about the Liberal government and what it proposes in budgetary measures which this bill will enact. Second I will talk about what Reform has proposed in the area of taxation and what its members will do when they become the government.

Three months ago I remember the finance minister saying to loud applause in his budget speech: ''We are not raising personal taxes. We are not raising corporate taxes. We are not raising excise taxes. In fact, we are not raising taxes''. I do not think many

Canadians really believed what they were being told in that speech. A little later today I will go through a list of tax increases.

The Minister of Finance seems to expect Canadians to thank him for appearing to hold the line on tax increases. I find it appalling that he should think it is good enough to be able to say what he said in the House, even if it were accurate, which it is not. It is appalling that he would think it would appease and please Canadians just to say, even if it were accurate, that there would be no tax increases.

Canadians are looking for more than no tax increases. They are looking for fewer taxes. Canadians have been faced with tax increase after tax increase for the past 30 years. There has been an over 1,000 per cent increase in taxes in the past 30 years of Liberal and Conservative governments. Now Canadians are looking for fewer taxes. Their personal income tax rate is the second highest of any country in the G-7, second only to Germany. That is appalling.

Between 1985 and 1993, the federal income tax bill of the average Canadian family has increased dramatically. Canadians simply did not have the stomach before this budget for tax increases.

The finance minister chose to have no explicit increases but instead to try to sneak them in through the back door. In just a minute, I will go through the list of tax increases that occurred in spite of the finance minister saying that there were none.

First I would like to summarize the list I have before me. This is a list of tax increases for the 1994-95 tax year through to the 1998-99 tax year. These are lists, year by year, of tax increases that have been presented by the government and the finance minister.

• (1635)

In 1994-95 the list adds up to $575 million. In 1995-96 it gets worse. The total tax increase was $2.3 billion. The finance minister boasted that year that there were really no substantial tax increases and how many times more the cuts were than the tax increases.

In 1996-97 the tax increases add up to $3.1 billion. In 1997-98, just through the budgets that this finance minister has put in place, the tax increases will be $3.2 billion. This will be more taken out of the pockets of Canadians. That is unacceptable.

The budgets of the finance minister even go as far ahead as 1998-99 and beyond. Already in 1998-99, just from past budgets, the finance minister has announced over $400 million in new taxes. We have a couple of budgets to go until we actually get to 1998-99.

The finance minister preaches that he is against tax increases and yet the list of tax increases is too lengthy for me to go through in the time I have to present my speech today. It is unacceptable.

I will go through the tax increases that have been put in place by this year's budget, a budget which was kicked off by the finance minister saying to loud applause: ''We are not raising personal taxes. We are not raising corporate taxes. We are not raising the excise taxes. In fact, we are not raising taxes''.

I am going to talk about how the finance minister did not raise taxes in this year's budget. First, since the Liberals came to power they have squeezed an extra $9 billion to $11 billion or more out of the pockets of taxpayers. In the 1996 budget no explicit taxes were put in place, at least none that Canadians could see easily. There are none certainly along the line of the gas tax increase that we all saw at the pump last year. As far as that goes, the finance minister was accurate. However, I believe that Canadians expect more openness and accuracy from a finance minister than that.

With the tax increases that have been put in place, the government will raise $145 million in the next three years by reducing the credit given for investment in labour sponsored, venture capital corporations by reducing the contribution limit to $3,500. This was in a year when the finance minister said no tax increases.

A number of changes to the RRSP rules took place that will also yield revenue for the treasury by reducing the age of mandatory withdrawal to 69 from 71. The government will raise close to $100 million by the year 2000. No tax increases? Figure that one out.

Further, the government announced it would henceforth deny deductibility of the RRSP fees which would save another $10 million. It also froze the RRSP contribution limit at $13,500 per year until 2003. The government is sending conflicting messages. On the one hand, it expects Canadians to take more responsibility for their retirement, but the government and the finance minister have said again and again that the Canada pension plan is not on sound footing.

The finance minister in the budget this year ended universality of old age security, something that he criticized Reform for proposing during the last election campaign by saying his government would never do that. However, this government has ended universality. And it ended universality at a much lower income level than Reform ever proposed.

• (1640)

Holding the line on the limit of RRSP contributions makes it very difficult for Canadians who are trying to look after their retirement because they know they really cannot count on old age security and the Canada pension plan the way this government has been operating. They know that the government does not have the resolve to hold the line on spending, eliminate the deficit and then start reducing taxes.

The government will begin taxing non-residents on the income they receive from outside the country. This will yield $30 million in taxes in a year where there are no tax increases.

The government plans to spend $50 million to step up the battle against the underground economy. Ottawa expects to gain $185 million over the next three years by this move. Perhaps the government should take a good look at what causes the underground economy, the ever growing tax grab of the government, the ever increasing amount of money the government takes from the pay cheques of Canadians.

I was in Hamilton East on Thursday and Friday of last week. The biggest complaint of the people of that constituency is that while in many cases they earn quite an attractive salary, their take home salary is quite another matter. There are simply too many deductions from their pay cheques for taxes and other payroll deductions which are getting larger and larger. There is really no end in sight as long as this government is in power.

The Minister of Finance also announced the striking of a technical committee designed to study the business income taxation act and suggests measures that could be used to encourage job creation and investment. It is expected that this is simply window dressing, designed to offer the appearance that the government is actually doing something on the job creation front.

How much will this committee cost? Looking at what has happened in the past, the committee will cost between $500,000 and $5 million. That is a lot of money for a committee that is a sham. The record of the government of heeding the advice of committees that have travelled across the country is very poor. Often the government announces the changes that are going to take place even before the committee has reported. Then why is it wasting the time and spending this kind of money on the committee?

The tax grabs in the area of business taxation are fairly innocuous when we look at the past history but they are still substantial. As was expected, the government extended the profitability tax on banks yielding about $65 million over the next two years. Although banks already pay about $4 billion annually in taxes, looking at 1993, the profit tax is another measure to force the most profitable in society to pay more and more.

Most Canadians will not be too upset by the banks having to pay more tax. They are not going to be upset by a tax on high profits in the banking industry. But the precedent has been set. Will this tax next show up on convenience stores that earn a high profit? The precedents for an extra tax on high profits has been set. Where will it come down next? Will the corner store owner be next? This is a question Canadians must ask. The government is determined to grab money any way it can.

I will continue through the list of grabs that have come about as a result of the last budget. The GST was essentially a non-issue in the budget. But the government has still not kept its promise to scrap the GST, although most Canadians would be happy if it simply did what was promised in the red book, to replace it with something else.

• (1645)

Sheila Copps, the member who resigned her seat because the government had not kept its promise to get rid of the GST, is now fighting for her political career in a byelection. Canadians have not forgotten that the GST was not replaced, was not scrapped and will not be scrapped. I am not sure they will be satisfied with having it replaced. We will wait to see whether Canadians are willing to tolerate that.

Something I heard in Hamilton during the byelection campaign was that Canadians expect politicians to keep the promises they make. The GST promise could well come back to haunt the government in the next election and beyond.

The government has nothing to brag about on the tax front in the budget. Not only did it not offer tax relief. It raised taxes even though Canadians made it known they were sick and tired of tax increases.

The budget affects taxation in an indirect way as well. By backing off from fiscal restraint the government has signed a death warrant for tax relief over at least the next three years. The finance minister and the government did not show the strength it would take to balance the budget very quickly. The finance minister still has no plan to balance the budget. Canadians can say with certainty that there will not be any meaningful tax decrease for some time down the road.

I will talk in a while about what would have happened had Reform been elected in 1993 and had our zero in three plan been put in place at that time.

To conclude my remarks with respect to what the government has done in the budget, in short the government has offered no tax relief. It has buried the hope of any tax relief in the foreseeable future. It has slapped Canadian taxpayers in the face by expecting gratitude for not openly raising taxation, even though it is clear that it has increased taxes by hundreds of millions of dollars in the budget. That is what the Liberals have done.

What would the Reform Party have done had it gained power in 1993? Reform campaigned on a zero in three plan. It was a detailed and sound plan to balance the budget in three years. What would that have meant? We would have been in the third year of the plan right now. Not only would Canadians have known the budget would be balanced by the end of this fiscal year. We would have put in place at least a token tax decrease, which Canadians are so desperately asking for.

Canadians need to have more take home pay. They are tired of an ever increasing rate of deduction on their paycheques. They are tired of salaries which sound good ending up being too little for their families to live on comfortably. If our zero in three plan had been put in place by the finance minister they would have been happy. They could have been offered tax relief this year, something which Canadians desperately want.

What have Reformers done recently in terms of tax decreases? I will explain four resolutions which were passed at our assembly in Vancouver by Reform members from across Canada. The finance minister should be listening to these resolutions because they reflect not only what Reform delegates at the assembly want but what Canadians across the country want.

The first resolution states:

> Resolved that the Reform Party reaffirm its commitment for the introduction of a simple, visible and flat rate of taxation.

● (1650)

Canadians want not only a lower tax rate but a simpler tax system. This resolution was ratified by 92 per cent of the delegates.

The second one states:

> Resolved that the Reform Party remove the GST when a simple, visible and flat rate system of taxation is introduced.

We made the pledge that at the time our flat tax system was in place the GST would be removed.

The third one states:

> Resolved that the Reform Party supports a reduction of the total burden of taxation, while recognizing that tax cuts must be done within our existing deficit reduction plan.

We are saying we can offer tax relief but we have to do it knowing we still have to balance the budget very quickly, now, within two years. This resolution was passed by 95 per cent of the delegates.

The fourth resolution talks directly about taxation and states:

> Resolved that the Reform Party supports tax relief for families and married couples with one income earner.

This is a matter of making the system fairer. The finance minister talked quite a bit in this year's budget about making the system fairer. Yet in important areas like that one he did not do the job. Canadians really expect fairness, particularly when it comes to families being treated fairly in the system, and they are not being treated so now. That is what Reform has proposed for some time and that is what Reform will do.

I will end with those comments although I would like to propose an amendment. I move:

> That all the words after the word ''that'' be deleted and the following substituted therefor:
>
> This House declines to give third reading to Bill C-36, an act to amend the Income Tax Act, the Excise Act, the Excise Tax Act, the Office of the Superintendent of Financial Institutions Act, the Old Age Security Act and the Canadian Shipping Act, since it does not seek to address the issue known as flying flags of convenience which allows Canadian ship owners to avoid paying Canadian taxes.

After the question and answer session I would like to rise on a point of order to explain why I believe the amendment is in order.

The Acting Speaker (Mr. Kilger): The hon. member for Vegreville has moved an amendment. I seek the counsel of the Table for a moment. I begin by apprising the member for Vegreville that at this stage of debate the first three interventions have 40-minute maximums. The hon. member on behalf of the Reform Party was entitled to the maximum, and there is no question or comment period.

● (1655)

I will ask for debate. There being no further debate I will take a moment to make ruling on the amendment and then put question.

Mr. Benoit: I rise on a point of order, Mr. Speaker, before you make your decision on the amendment. If there is any doubt on the acceptability of the amendment I refer you to Beauchesne's sixth edition, citation 568, which states:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

This omnibus bill deals with various tax acts including the Income Tax Act and the Canada Shipping Act. The registration of ships under foreign flag is in the shipping act which the bill amends. It is a matter of the Income Tax Act which the bill also amends. The bill deals with the closing of a tax loophole. I refer to the section of the bill that addresses the family trust issue. Flying flags of convenience is but another loophole of the rich that needs to be addressed.

The government should not go ahead with this bill but come forward with a bill that addresses all loopholes and the flags of convenience issue in particular.

I refer to Beauchesne's sixth edition, citation 733:

> There are limitations on the types of amendments that can be moved on third reading. They must be relevant to the bill which they seek to amend.

My amendment is relevant to the Income Tax Act and the Canada Shipping Act which the bill seeks to amend. The citation goes further and says that the amendment:

> —should not contradict the principle of the bill as adopted on second reading.

The bill addresses a major controversial loophole of the rich, that of the family trust. My amendment addresses a loophole of the rich as well. As I mentioned earlier my amendment addresses acts that are covered in the bill.

Citation 670 of Beauchesne's outlines some criteria for a reasoned amendment. Section 2 of the citation states:

> It may not propose an alternative scheme.

My amendment does not do this. In fact I want to expand on the closing of tax loopholes for the rich. Citation 670(5) of Beauchesne's states:

> It may express opinions as to any circumstance connected with the introduction or prosecution of the bill—

While we are looking at the Canada Shipping Act and the Income Tax, we should be looking at the issue of flying flags of convenience and close that loophole for the rich and powerful.

The amendment is in order because it relates to the bill. Yet it will open the debate on the issue of legally avoiding paying taxes. It may be legal but it certainly is not pro-Canadian. It is a loophole that must be looked at in the same light as the family trust issue.

It is shameful that some people in the country are willing to reap the benefits that are—

The Acting Speaker (Mr. Kilger): Order. The comments that have been made are debate. Beyond the submissions from the hon. member for Vegreville with regard to citations 568, 733 and 670, I would only ask him if there are any others and to refer to them very succinctly and briefly. There are none.

• (1700)

In consultation with our table officers, the Chair rules that the amendment is not in order.

I draw the House's attention to Beauchesne's sixth edition, article 568:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

In my consideration the issue of flying flags is a new issue which goes beyond the scope of this bill.

I equally draw to the attention of the House Beauchesne's sixth edition, article 671:

> The following rules govern the contents of reasoned amendments. (1) The principle of relevancy in an amendment governs every such motion. The amendment must ''strictly relate to the bill which the House, by its order, has resolved upon considering''—

• (1705)

Therefore respectfully I thank the hon. member for Vegreville who obviously took a great deal of time and effort in preparing his argument. In this instance the Chair is not in agreement and has ruled this amendment is not in order.

Resuming debate on Bill C-36. Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mr. Kilger): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mr. Kilger): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mr. Kilger): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mr. Kilger): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Kilger): Call in the members.

And the bells having rung:

The Acting Speaker (Mr. Kilger): The vote will take place tomorrow at 5.30 p.m.

It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Lévis, railway safety.

* * *

AGRICULTURAL MARKETING PROGRAMS ACT

On the Order: Government Orders:

> May 3, 1996—The Minister of Agriculture and Agri-Food—Second reading and reference to the Standing Committee on Agriculture and Agri-Food of Bill C-34, an act to establish programs for the marketing of agricultural products, to repeal the Agricultural Products Board Act, the Agricultural Products Co-operative Marketing Act, the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act and to make consequential amendments to other acts.

Hon. David Anderson (for the Minister of Agriculture and Agri-Food, Lib.): I move:

> That Bill C-34, an act to establish programs for the marketing of agricultural products, to repeal the Agricultural Products Board Act, the Agricultural Products Co-operative Marketing Act, the Advance Payments for Crops Act and the Prairie Grain Advance Payments Act and to make consequential amendments to other acts, be referred forthwith to the Standing Committee on Agriculture and Agri-Food.

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I am pleased to begin debate on the motion to refer Bill C-34, the agricultural marketing programs act, to committee before second reading.

The Minister of Agriculture and Agri-Food has asked the House to approve this procedure because he wants the committee to ensure that all members with any interest in this legislation have opportunity to be heard.

During the 1993 election campaign we made commitments to give MPs greater influence in the legislative process. By moving to proceed directly to committee on this bill, we are following through on those commitments.

Even though we consulted extensively across the country with this bill, we are following this procedure to make sure no thoughts or concepts are overlooked.

The objective of Bill C-34 is to provide a common legislative base for financial marketing programs in agriculture and to reinstate provisions for interest free cash advances.

Currently, the efficient and orderly marketing of agricultural commodities is supported and encouraged through four acts, one of which is the Prairie Grain Advance Payments Act, developed to assist producers marketing Canadian Wheat Board crops, wheat and barley by providing them with cash flow soon after harvest when marketing bottlenecks often occur.

Second is the Advance Payments for Crops Act, which is to assist producers who market all storable crops other than Canadian Wheat Board wheat and barley. Third is the Agriculture Products Co-operative Marketing Act, designed to encourage producers to process their products co-operatively. Fourth is the Agricultural Products Board Act, used to facilitate intergovernment sales and to purchase products from domestic markets to be sold at a later date when the market is not under pressure.

• (1710)

These acts were all developed at different times. They reflect the domestic, North American and world markets and marketing systems which were in existence when they were created. Although these different acts have served farmers well, many farmers and farm groups have found it confusing to have four different pieces of legislation.

They have also expressed concern that the present legislation does not treat all producers equally. For these reasons the government is proposing to replace the four acts by one new piece of legislation called the agricultural marketing programs act.

This legislation is the end result of extensive consultations throughout the sectors. The federal government consulted more than 80 producer groups directly for their input on Agriculture and Agri-food Canada's financial programs. We also asked over 160 producer groups and other organizations including provincial governments to review a summary report from the consultation process and give us their comments.

The proposed act takes into account as many of the suggestions expressed by producers as possible. It has received widespread support among the producer groups.

The new legislation responds to the needs of producers. It will treat all commodity groups and all regions of the country alike. At the same time, the new act is flexible enough to meet the needs of producers who operate under different and diverse marketing systems throughout the country.

Another important point is that the new act will tighten administrative controls, thereby reducing administrative costs. It will also eliminate inconsistencies and inequities between the two previous advance payment programs. This new act is thus in line with the government's commitment to increase budgetary efficiency and get the structure of government right.

This new act also fulfils the promise we made in the last federal election campaign and repeated in the February 1995 budget to introduce a statutory interest free advance program to replace the current cash flow enhancement program which expires next year.

I emphasize that the program will be statutory. It will eliminate the uncertainty that cash strapped producers faced in the past while waiting for government to announce whether interest free cash advances would be temporarily granted.

Like any other industry that operates in a competitive environment, farmers need to sell their products in order to pay their bills. Cash flow problems sometimes force them to sell their crops and products right after harvest when prices are not generally favourable.

The new act will provide cash advances to farmers, allowing them to sell their products not necessarily at harvest but at a later time. This allows producers to sell their output when prices are better instead of dumping the products on the market at the same time, a practices which depresses the prices.

The agriculture marketing programs act will avail cash advances up to $250,000 to qualified producers. With the first $50,000 interest free, the balance will be lent a preferential rate, generally less than the prime rate.

The new legislation will also benefit co-operatives. The pooling provisions will be maintained in the new act but will be streamlined to encourage more producers to market co-operatively and to get into the value added processing so they can increase their revenues.

The pooling provisions establish an anticipated selling price for the pooled product and offer a price guarantee of up to 80 per cent of that price. This will help co-operatives avoid serious losses in the event of a significant, unexpected downturn in prices. The price guarantee will also allow co-operatives to negotiate larger loans with lower interest rates from financial institutions.

The new act will also deal effectively with compliance problems experienced under the Prairie Grain Advance Payment Act.

● (1715)

In recent years, the act has experienced a significant rate of defaults. Although an effective inspection campaign has greatly reduced the default rate, producers have asked the federal government to find a permanent solution to this problem so that they can have confidence that all other producers are complying with the law.

The new act will reduce the number of defaults and thus restore producer confidence. The bill stipulates that producers who default will have to pay all reasonable costs of collecting that default. In addition, producers will pay interest on the default advance from the date the advance was issued until it is completely paid. Finally, they will not be able to get another advance under any other permit book or any other business organization until previous advances and any other defaults are fully repaid.

It is only fair to the majority of producers who fulfil their commitments that these procedures be tightened up. In fact, many of these measures have already been implemented administratively and have produced positive results. Defaults have dropped from $64 million in the 1993-94 crop year to under $10 million in the 1994-95 crop year.

With the implementation of this bill, defaults will be kept at acceptable levels through legislative rather than administrative means. This will result in significant savings to the taxpayer.

Since the majority of these changes in the Agricultural Marketing Programs Act are directed at the reduction of defaults, processors who participate in the program will probably not notice any changes compared to the Advance Payments for Crop Act or the Prairie Grain Advance Payments Act, programs of the last few years.

In conclusion, I believe this new legislation represents real progress for our farmers who get a more stable operating environment and progress for our taxpayers who get a more effective use of their tax dollars.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Mr. Speaker, I am pleased to speak this afternoon in the debate on Bill C-34, tabled in this House on May 3 by the Minister of Agriculture and Agri-Food. This bill to establish programs for the marketing of agricultural products was a measure long awaited by both the producers themselves and the many agricultural product marketing boards.

I would, therefore, like to provide some clarifications on the nature of my speech itself, with respect to the considerable impact of this bill. On the one hand, I wish to voice my support of this legislative measure, with its substantial favourable impact on the fate of producers as they make their way through the bureaucratic complexities which characterize the agricultural sector of this country.

On the other hand, I seriously question whether the government is truly concerned about agriculture and agri-food. The minister himself could testify as to just how many legislative rectifications need to be made to the Canadian agricultural sector to bring it in step with the autonomist trends of this modern era.

In this connection, Bill C-34 represents a praiseworthy effort by the minister to facilitate access by producers to simple and effective means of marketing their produce with a view to maximizing profits.

An in-depth examination of the bill, however, has pointed out certain shortcomings in the very spirit of this draft of the bill.

I want to point out one thing which strikes me as an out and out paradox, relating to a lack of analytical rigour on the part of the government. I will spare you the detailed explanation of the implementation of this bill in order to give you a brief indication of what the government will have to justify in order to have this legislation unanimously approved.

● (1720)

With regard to the budgetary aspect of Bill C-34, it should be noted that $120 million will be allotted to the advance payments program over three years. Needless to say, this element of the bill is the basis for a cash payment to all farmers in this country.

However, there is a rather obvious inconsistency in the way the government markets these same crops. Let me explain. Agriculture and Agri-Food Canada will use huge sums of money to facilitate the marketing of annual crops. But this money comes from the income protection programs envelope. You will agree with me that this is a rather huge inconsistency. The government is simply hiding the cuts it is forcing on a category of taxpayers, who are already in a precarious financial position.

In this context, Agriculture and Agri-Food Canada's income protection programs envelope for the 1997-98 crop year will be 30 per cent less than estimated, easily some $250 million, or a quarter of a billion dollars. I agree that the government should keep on putting its financial house in order, but not at any cost. In my opinion, this way of hiding cuts is shameful.

Farmers from Quebec and western Canada are no fools. They have already been subjected to the deceitful actions of the department since 1992, but always in exchange for false hopes. If we really calculate the amounts that are to be allocated to the various programs in this bill, we get two results. First, we see there is a shortfall to really fund the government's initiatives.

In the second case, we get the financial provisions that are outlined in Bill C-34, a bunch of details that are only meant to complicate the administrative framework and thus make its passing easier, because of the urgency of the situation.

However, I want to salute the government's initiative for wanting to update the programs for the marketing of agricultural products. I agree with the general thrust of this bill and I admit that, if it had not been for the deficient budgetary aspect that I have outlined earlier, I would support this piece of legislation without any hesitation.

In that context, I hope the government will take into consideration the factual aspects I have mentioned. It is in the interest of its credibility toward a major segment of the population in this country, and particularly, in the interest of its honour and integrity. Recently, some farmers in my riding asked me with a totally disenchanted attitude: ''When the Minister of Finance tables his budget, does he do so with the intention of deceiving Canada and Quebec taxpayers? We often hear this question from farmers''.

• (1725)

Beyond all partisan considerations, it is important to legislate in the real interests of the people. Farmers must deal with a situation that varies with weather conditions. So, it is important to make sure they have a minimum of stability and, particularly, to ensure the numbers that are presented to them accurately reflect their circumstances.

That is in essence the position we will defend here with my colleague, the member for Québec-Est. So, on the whole, we will give our support to the government for the quick passage of Bill C-34, since while there are some deficiencies, of course, by and large, the bill is acceptable.

[*English*]

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Mr. Speaker, I am pleased to speak on behalf of the Reform caucus on the motion to refer Bill C-34 to committee prior to second reading. Bill C-34 is the Agriculture Marketing Programs Act. It is the replacement for several advance payment for crops acts that are currently on the books.

This process is new to this Parliament. We have had good experiences and bad experiences when we have referred bills to committee prior to second reading. I would hope this would be a good experience. I have the assurance of the chair of the agriculture committee that we will be allowed to hear witnesses on this bill prior to going through clause by clause. I would like to presume that the committee will give us adequate time to hear witnesses and debate the bill clause by clause.

Some chairmen have been rather autocratic and undemocratic but I have confidence that the chair of the agriculture committee will allow adequate input in this bill and if amendments are needed they will be given the due consideration they should have and perhaps receive the support of the committee to come back in an improved format.

It is obvious this is not the most controversial piece of legislation facing the House. The fact that the introductory speech by the government side was made by the parliamentary secretary to the minister rather than by the minister indicates this is not an earth shattering change in legislation that will impact on agriculture.

Rather than being controversial a better word for this bill may be that it is diversionary. It is trying to divert attention from some shortcomings of the minister of agriculture and his government on to ground that it is less controversial and may find broader support from the industry.

It reminds me a little of the scene where some person is going to eat a cookie on his plate and the shyster sitting beside him points to something either real or imaginary out the window and says: ''Did you see that over there?'' Of course, when the potential consumer of the cookie looks out the window, the shyster grabs the cookie and quickly eats it.

I believe the minister of agriculture is trying to divert some attention away from some problems he has by bringing forward legislation that is not of primary importance to the industry.

Some might ask what are some of the issues that are being avoided? In a debate like this it would be appropriate to bring those forward at this time. Perhaps the bill we should be debating, rather than referring this to committee, is a bill to amend the Canadian Wheat Board Act. There is far more interest, certainly on the prairies, in reforming the Canadian Wheat Board Act than in reforming an Advance Payments for Crops Act such as what Bill C-34 is doing.

One just has to look at what is happening in the prairies where normally law-abiding farmers are taking wheat and barley across the U.S. border without the permits they are asked to have by the Canadians Wheat Board. One may ask: ''Why is this happening?'' It is not because the Advance Payments for Crops Act is not adequately working under the Canadian Wheat Board. There have been some changes to the act depending on which administration has been in power over the past few years.

Year in and year out there have been advance payments for crops on the books, yet farmers are still trying to move their products south into the United States without using a Canadian Wheat Board permit. We might want to ask: Why is that? Perhaps we need to make amendments to the Canadian Wheat Board Act which would alleviate some of this tension and alleviate the seizure of property by customs officials and the RCMP.

• (1730)

Why is this happening? Why is this not the priority of the Liberal government? Why is this not the issue we are debating rather than Bill C-34? Why are homes being invaded by customs agents and the RCMP? Maybe this is a serious situation and we should be

looking at it but of course, the minister is in no hurry to look at the situation.

The Canadian Wheat Board sponsored a conference in Saskatoon to try to stimulate diversification and the value added concept. It came up with a wonderful scheme of putting $10 million forward to help farmers diversify by implementing new business plans. Again it was a diversionary tactic, like Bill C-34, to get away from the real issue which is the fact that the government does not have a business plan. In the meantime, markets are being missed and producers are being miffed.

Instead of debating Bill C-34 perhaps we should have been looking at the reform of supply management. That might be an issue which is front and centre with a lot more producers than the issues which are dealt with under Bill C-34.

The Liberal government opposed NAFTA prior to the election. It actually goes all the way back to the 1988 election. Liberals said that NAFTA was a terrible deal and should not be signed. The Liberals said that if they ever got into power they would certainly fix NAFTA in a big hurry. That was their number one priority, a priority far greater than tinkering around with the advance payments act.

The Liberals finally got into power in 1993, but they totally forgot their promise to change NAFTA. They did not even go back to the table to renegotiate NAFTA like they said they would. Instead they went to the GATT table and broke another promise. They did away with article XI of GATT. They indicated to the supply managed industry that they would not do that but they did it anyway. The supply managed industries are wondering whether Bill C-34 might be a diversionary tactic to get producers' eyes off some of the problems and uncertainties facing the supply managed industry.

The Liberals even failed when they signed the GATT agreement to table an addendum to GATT indicating what their position was on the tariffs which had been agreed to as they regarded NAFTA. It certainly looks like a bit of a slip-up to me.

Now we have a U.S. challenge to our tariffs under NAFTA which is going before a dispute settlement panel. We expect the results to be tabled sometime in August. That is a far more important issue to producers. They would like to see the government acting on that rather than on this issue.

The Crow buy-out and some of its problems are far more of a concern to the industry than is Bill C-34.

If Bill C-34 is passed in its current form, it will be another Liberal broken promise. I have in my hand a letter from the Prime Minister. It was written when he was Leader of the Opposition and is dated September 8, 1993. The letter is to the Ontario corn producers. He talks about the advance payments for crops act and the changes which his government, if elected, would bring forward.

The letter reads: ''In May we announced that we would bring back the interest free cash advance program by statute and we would make it a working capital program by providing half of the maximum $50,000 available to producers after seeding in the spring and the remainder in the fall''. That is not in the bill. I have looked through the bill and it is not there. It is all after harvest, after the crops are in the bin. There is no provision for half of the advance payment to be made after seeding.

If the bill is passed in its current form, it will be yet another Liberal broken promise. Perhaps the Liberals will bring forward an amendment because of this oversight or perhaps they had no intention of keeping that promise. However, I suggest they look at it. I also suggest they should get their priorities straight as far as the industry is concerned.

Mrs. Rose-Marie Ur (Lambton—Middlesex, Lib.): Madam Speaker, I am pleased to lend my support to Bill C-34 and the motion to refer it to the Standing Committee on Agriculture and Agri-Food prior to second reading.

• (1735)

Bill C-34 represents a commitment made in the red book and reiterated in the February 1995 budget to reinstate federal statutory authority to make interest free cash advances to farmers across Canada.

The new law, which is long overdue, will be known as the agricultural marketing programs act or AMPA. It will among other things replace by statute the previous government's ad hoc cash-flow enhancement program which is due to expire next year. It is very important to have this act in place by statute. In doing so we will be providing security for our farmers.

Bill C-34 is an amalgamation of four existing acts: the Advance Payments for Crops Act, the Prairie Grain Advance Payments Act, the Agricultural Products Co-operative Marketing Act and the Agricultural Products Board Act and one ad hoc program which I have already mentioned, the cashflow enhancement program.

Besides being confusing, producers were not being treated equally under the four acts. In order to overcome this confusion and unfairness, the new agricultural marketing programs act will treat all commodities groups alike. In this way, inequities and irregularities of the previous programs have all been eliminated. Simply put, cash advances give farmers the flexibility to meet their expenses after harvest and before crops are sold, despite what may be untimely market limitations or unfavourable prevailing prices when cashflow is desperately needed.

In Canada these cash advances have traditionally been interest free until 1989 when the previous government removed that feature from the law and left interest charges to be decided on an ad hoc basis from year to year through the cashflow enhancement program. The results have been far from satisfactory, creating confusion, instability, anxiety and unfairness. In order to make this new legislation more effective, it has been divided into three particular programs: the advance payments program, the price pooling program and the government purchases program.

Under the advance payments program, which is covered by clauses 4 through 25 of the bill, the maximum allowable advance payment to producers will be $250,000, the first $50,000 of which would be interest free. If there should be a crop disaster due to abnormal weather conditions or disease, an emergency advance payment of $25,000 could be paid but in such a case the minister would not be liable for the interest.

This part of the bill is fairly similar to the Advance Payments for Crops Act but it would also make adjustments in order to take into account the specific situation of grain producers under Canadian Wheat Board jurisdiction. Under the bill and unlike the situation under conditions now in force, advance payments would be paid directly to producers, not the Canadian Wheat Board permit book holders. As well, clause 14 would allow the use of cash purchase tickets as advance payments to producers under CWB jurisdiction. This particular example illustrates just how flexible the new act will be to meet the needs of producers who operate under a wide range of diverse marketing systems throughout Canada.

In cases where a producer who defaults on his obligations with a partner, a member or a shareholder of another association, the association would not be eligible for advance payments and vice versa. For greater clarity, the rule applicable to associations between spouses, parents or children would be the same rule which is applicable to Revenue Canada income tax returns.

One important objective of Bill C-34 is to reduce defaults on repayments which have unfortunately cost taxpayers heavily over the years. Defaults on repayments under the Prairie Grain Advance Payments Act have reached several million dollars. The bill would provide that producers who defaulted on repayments would have to pay all recovered costs and interest on outstanding advance payments. As well of course they could not obtain other advance payments nor avoid repayment by setting up another company or business. Obtaining a new Canadian Wheat Board permit book would not allow a grain producer to avoid the obligation to repay advance payments which were obtained by using another permit book.

Although eligible crops are listed in clause 2 of the bill, the following criteria would also apply: the crop would have to be harvested and stored; it would have to be possible to store the crop in its unprocessed form; the producer would have to retain ownership of the crop; and the producer would have to be responsible for marketing the crop. In some sectors of agriculture, particularly horticulture, these criteria have been perceived as being overly restrictive since many products are difficult to store in their unprocessed form or are acquired immediately after being harvested.

The Ontario corn producers were one of the three farm groups that had requested that advance payments be made at seeding time and that advance payments be set at 70 per cent rather than 50 per cent of the value of the crop.

● (1740)

I must reiterate that this act is primarily based on equity among crops, regions and producers right across Canada.

As for spring advances not being included in the act, it is important to remember that consultations for this bill involved over 160 producer groups across Canada. Most of these groups were either neutral on the issue or opposed the concept of spring advances.

The great majority of producer groups felt that spring advances would change the focus of the advance payments program in such a way that the current focus of marketing would be changed to one of simply supplying operating credit. The producers felt that this would ultimately reduce the benefits and increase the costs of the program to unacceptable limits.

The act will establish a new risk sharing program where the delivery agent's liability for defaults will be based on the history of defaults. It will range from 1 per cent and 15 per cent instead of the current 2 per cent for the Advance Payments for Crops Act and no liability for the Prairie Grain Advance Payments Act. The act will also define more clearly the crops and eliminate potential overlap with the price pooling program.

The new legislation will permit producers to continue to use price pooling mechanisms while the approval process for these provisions will be greatly streamlined. Since the bill in clauses 26 through 30 would delegate authority to the Minister of Agriculture and Agri-Food subject to the annual concurrence on general terms and conditions by the Minister of Finance, it would thus remove the requirement for the appointment of auditors and professional accountants for each agreement.

Having removed these layers of red tape, the federal government could much more easily establish a minimum guaranteed price for all products sold out of a pool by grade, variety and type of product. This guaranteed price would cover the initial price to producers and the operating costs of the pool.

As for the government purchases program contained in Bill C-34, the act will incorporate the provisions of the Agriculture Products Board Act. The act will maintain the ability of Agriculture and Agri-Food Canada to buy and sell agricultural products when unusual marketing conditions exist while removing another layer of bureaucracy, that is, the requirement for the agricultural products board.

In closing, I would like to briefly summarize the benefits that would come about once the agricultural marketing programs act is scheduled to come into force January 1, 1997. There will be one act instead of four to deal with the financial agricultural marketing programs in Canada, thus reducing current crop and regional inequities, inconsistencies in program administration, and overall program costs. Financial marketing programs will be easier for producers to accept. All producers will be able to obtain cash advances under the same administrative requirement. Defaults will be reduced by better screening before issuing advances, by improved controls, improved collection methods and stronger penalties for defaulted advances.

The act will be consistent with current government policy to recover administrative costs, increase risk sharing with participants, combine legislation which shares a common base and reduce program costs through less bureaucracy.

An overwhelming majority of farm producers and their organizations across Canada have shown widespread support for the direction the government is proposing to take on these issues. I encourage members in the House to do likewise by supporting the motion to refer Bill C-34 to committee prior to second reading so that my colleagues and I can give this bill our undivided attention.

[*Translation*]

Mr. Jean-Paul Marchand (Québec-Est, BQ): Madam Speaker, it is with great interest and a strong sense of duty that I rise today to speak to Bill C-34, the Agricultural Marketing Programs Act.

I am happy to see that the purpose of this bill is to combine four existing acts to make it easier to market agricultural products. These acts are: the Advance Payments for Crops Act, the Prairie Grain Advance Payments Act, the Agricultural Products Cooperative Marketing Act, and the Agricultural Products Board Act.

Bill C-34 also includes the cash flow enhancement program. If my party, the Bloc Quebecois, generally supports the objectives of Bill C-34, it is because this bill is essentially consistent with farmers' demands and seems more in keeping with Quebec's values and agricultural development model.

• (1745)

There is, however, a major inconsistency in how payments are charged to the budget. Clauses 25 and 30 are financial in nature. Through these two clauses, the government hopes to pay farmers under the advance payments program and the price pooling program.

We learned that, under the advance payments program, farmers would receive $40 million a year over three years, for a total of $120 million. What hurts the most is that Agriculture and Agri-Food Canada will take the money to be spent on the marketing program out of the budget earmarked for income protection.

This transfer, this misappropriation of funds from the budget will reduce the amounts available to protect farmers' income. Unfortunately, by taking this action, the federal government will once again reduce Quebec's share even further.

Whether you like it or not, Quebec's share of the funds allocated to income protection programs for farmers is already lower to what that province is in a position to demand and obtain, given the relative weight of agriculture in the ''belle province''.

History seems to be repeating itself: Quebec is always more heavily penalized at the end of the day.

The resource envelope for income protection programs at Agriculture and Agri-Food Canada for fiscal year 1997-98 is $600 million, that is $250 million or 30 per cent less than the $850 million allocated before the budget came down. If the federal government goes ahead with this misappropriation of public funds, by dipping into funds allocated to income protection programs, in three years, the shortfall in this envelope will be $120 million.

To put it clearly and briefly, it is indecent to use part of the funds allocated to farming income protection to finance the advance payments program, which, must I remind the hon. members, is essentially an agricultural marketing program.

What link, if any, could there be between the advance payments program and the income protection program? None.

Let us be clear about something. When the Minister of Finance, the hon. Paul Martin, tables his budget, does he do so with the intention of deceiving the taxpayers in Quebec and Canada? Should the budget not reflect what was planned? That is what logic—others would say common sense—dictates anyway.

Instead, following this government's reasoning, are we to understand that the figures provided mean nothing, since they no longer apply to what they were originally supposed to apply? This is terrible. I am dismayed.

If the federal government, through the appropriate department, uses funds intended for the income protection program to finance the advance payments program, which is an agricultural marketing program, why should amendments not be made now to change this?

First, a real political will is required to change the situation and make sure that the funds taken for the advance payments program come directly from the budget earmarked for agricultural products marketing programs.

The government should allocate more money for marketing programs and it should stop cutting and diverting funds from one envelope to the other. This is a simple but vital solution.

It would ensure that, in the future, Quebec farmers would enjoy better income protection. An amount of $120 million could also be subtracted from the budget for income protection. However, this would recreate the current situation, in that less money would be available to concerned Quebec farmers, in a proportion more unfair than for the other nine Canadian provinces. Others will also suggest the government should allocate new money for agricultural products marketing programs, along with a transfer of money from the budget for the income protection programs.

• (1750)

This would be a partially acceptable solution. These are the reasons why the Bloc Quebecois is asking the federal government to make the necessary changes. It must correct the situation and ensure a fair treatment to Quebec farmers.

Simply put, the government is being asked to take the money for the advanced payments program from the budget allocated for the income protection programs. As you know, this is a major irritant for Quebec farmers.

Moreover, given the new eligibility rules, Bill C-34 would exclude any form of collective Indeed, one of the eligibility requirements for producers must be rejected, especially the one that lets producers decide when they will sell their products, because the products subject to a pooling system would then be excluded. VEGCO Inc., from the province of Quebec, is among those that would be hard hit by such a measure.

Finally, I agree with the federal government using the taxpayers' money to efficiently streamline its programs, provided that all farmers get the same benefits and meet the same requirements. However, there is something very wrong with the way the money is allocated and if the government of the current Prime Minister can get away with it, it will further reduce Quebec's share of the income protection programs.

I think it is important to stand up for Quebec farmers and to point out that the government is trying to stifle the people and not only in agriculture. Quebec is losing money because the federal government is withdrawing its support from several programs and we wonder what is going on not only in agriculture, but in other areas as well, like shipping, the Tokamak project and other initiatives in Quebec from which the government is withdrawing its financial assistance and support.

We have the feeling the federal government is withdrawing more and more money from its projects and facilities in the province of Quebec. Why? I wonder if the government does not have a plan B for the economy, where it would put pressure on all economic sectors.

However, I feel better knowing that farmers, at least in the beautiful province of Quebec, are very well organized with UPA and are increasingly better able to develop and defend their marketing system, not only in North America, but also in Europe and throughout the world.

[*English*]

Mr. Leon E. Benoit (Vegreville, Ref.): Madam Speaker, I am pleased to speak to Bill C-34, the Agricultural Marketing Programs Act.

As members before me have explained, the bill takes four acts and puts them together into one. We would think this would result in cost savings in administration. The departmental briefing claimed that putting the four programs together would result in administrative savings of somewhat over $1 million. We will have to wait to see whether those savings actually come about, but I do not have a lot of faith that there will be savings in administration.

I have a concern with the administration of the bill. If the record of the government in administering its programs does not improve, the administration of the program will be a disaster. We could look, for example, to the Crow payout program that was put in place by last year's budget. Under that program 75 per cent of the money to be paid out should have been paid out by the end of January. We are still not up to the 75 per cent expected payout level. If the record on the administration of the programs does not improve, the program will be of little use to farmers.

• (1755)

When it comes to advance payments it is absolutely necessary for the administration to be simple and done very quickly, or it really defeats the purpose of getting cash into the hands of farmers in the fall before they can actually sell the crops. It is often a problem to sell crops in the fall to get cash to pay bills. The purpose of the program is to get the money into the hands of farmers more quickly. If the administration is slowed, as I suspect it might be just looking at the record of the government, it is a step backward. We will just have to wait to see what happens in that regard.

The bill touches on changing the Canadian Wheat Board. The Prairie Grain Advance Payments Act is currently administered by the Canadian Wheat Board. With this change the program would become one of the four programs under the Agricultural Marketing Programs Act.

We need an awful lot more than just tinkering with the Canadian Wheat Board Act. I remember back to the time when I was a very little tyke in around 1960. After harvest started my father, finally having grain to sell and desperately needing some money for school supplies and other things, lamented the fact that the Canadian Wheat Board did not provide a quick enough avenue for marketing his grain. Even back then, 35 or 36 years ago, he wanted a choice either to ship through the wheat board or on his own somewhere else so he could get the cash when he wanted it and when he needed it. That was denied him then. Here it is 35 years later and still western Canadian farmers are being denied what obviously should be theirs: the right to market their grain in any way they see fit whether it be through the Canadian Wheat Board or on their own in some other fashion.

It seems to be absurd. It is so absurd I cannot understand it. Last Thursday and Friday I was campaigning in the Hamilton East byelection. I went to a door where someone asked about the Canadian Wheat Board and why farmers were not given the ability to market on their own. Even the people in the heart of Canadian cities are finally understanding how ridiculous the situation is when farmers cannot market their own grain, their own product. It is time some serious action was taken and not only tinkering.

I remember when I left university in 1974 that there was talk in the agricultural faculty about changing the Canadian Wheat Board Act and the Canadian Wheat Board so that farmers would have more control. The wheat board was causing problems even then. The students at the university could see a need for change. Starting back then, 30-plus years ago, I actively started campaigning for changing the Canadian Wheat Board. I was not for getting rid of it and I am still not for getting rid of it. I want to change it so that it is accountable to farmers and farmers have the option to ship around it.

Over all these years many of my friends and people I got to know have been very actively campaigning for change to the Canadian Wheat Board, and there has been no significant change whatsoever.

• (1800)

Finally, this past year the Government of Alberta took the initiative to stand with farmers against the Canadian Wheat Board monopoly. A fair plebiscite was held and a very high percentage of commercial farmers turned out. The result was overwhelming. Two-thirds of farmers voted to support the removing of the monopoly on barley marketing and 62 per cent voted to support the ending of the monopoly on wheat.

The farmers in Alberta have decided. They have made up their minds and the case is closed. It is now just a matter of the agriculture minister carrying out what these farmers want. They know it is their right. They voted for the ability to market either through the board or on their own.

Still the agriculture minister fights by throwing out these minor changes to the Canadian Wheat Board which do not solve the problem. He keeps saying: ''Wait for the results of the marketing panel''. I can tell the House what the results are going to be. They will be just as I said they were going to be before the panel began. The panel will not lead to changes to the Canadian Wheat Board that farmers want. There will be tinkering and there will be talk of substantial change. Still the wheat board monopoly on wheat will not be ended as a result of this grain marketing panel.

It is a sad thing. Why should Canadian farmers be denied the right to market their product? They raise it. Nobody else pays the cost of putting the crop in, the sweat and the work it takes to seed and carry the crop through until harvest and then harvest that crop. Nobody else takes the incredible risks that farmers take to produce a crop.

The government does not take risks for farmers, so why on earth are they being denied the right, and it is a right, to market their crops the way they see fit. It is time we got beyond the tinkering.

There will come a time when farmers will be so upset and frustrated by the lack of action that they will say: ''Get rid of board. We do not want any part of it anymore''.

Why will the minister not act before that happens and head off the complete elimination of the board? I do not believe that is what the majority of farmers want. They want the right to either market through the board or on their own. They want a choice. What other industry does not have that choice? I cannot think of one. What is the hold up? Why the resistance? Does it have something to do with what is going on inside the Canadian Wheat Board? Is there something going on inside the board which is not open to access to information? I have applied through access to information many times to get information about the Canadian Wheat Board. I cannot get it. Is that why? I cannot answer that.

The agriculture minister had better act on this quickly or the Canadian Wheat Board will cease to exist. I think that would be too bad.

The Acting Speaker (Mrs. Ringuette-Maltais): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Ringuette-Maltais): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

The Acting Speaker (Mrs. Ringuette-Maltais): Carried on division.

(Motion agreed to.)

● (1805)

FARM DEBT MEDIATION ACT

On the Order: Government Orders:

June 17, 1996—The Minister of Agriculture and Agri-Food—Second reading and reference to the Standing Committee on Agriculture and Agri-Food of Bill C-38, an act to provide for mediation between insolvent farmers and their creditors, to amend the Agriculture and Agri-Food Administrative Monetary Penalties Act and to repeal the Farm Debt Review Act.

Hon. David Anderson (for the Minister of Agriculture and Agri-Food, Lib.): Madam Speaker, I move:

That Bill C-38, an act to provide for mediation between insolvent farmers and their creditors, to amend the Agriculture and Agri-Food Administrative Monetary Penalties Act and to repeal the Farm Debt Review Act be referred forthwith to the Standing Committee on Agriculture and Agri-Food.

Mr. Jerry Pickard (Parliamentary Secretary to Minister of Agriculture and Agri-Food, Lib.): Madam Speaker, I am pleased to begin debate on the motion to refer Bill C-38, the farm debt mediation act, to the Standing Committee on Agriculture and Agri-Food prior to second reading.

The government promised to give MPs and parliamentary committees more influence. By sending bills to committee before second reading, something that was done very rarely in the past, we are delivering on that promise. This procedure gives committees a chance to make major amendments to bills. It also allows us to make doubly sure that no concern has been overlooked.

The Minister of Agriculture and Agri-Food has chosen to follow that route with this bill because he wants to ensure that stakeholders have every opportunity to be heard on this important piece of legislation.

As a former chair of the Standing Committee on Agriculture and Agri-Food I share with him the confidence that committee members will be able to make positive contributions to the farm debt mediation process through their deliberations and hearings.

The issue of farm debt is not a new one. It has been with us for a long time. Farmers must make significant investments in seed or stock, fertilizer or feed, machinery or buildings, long before they see a return on those investments. They are subject to the whims of nature and markets. When these turn bad farm debt can reach crisis proportions.

That is essentially what happened in the 1980s. High interest rates at the beginning of the decade diverted large amounts of cash for debt servicing while low returns on sales reduced inflows of cash. In addition, market values of many assets, especially land values, depreciated over the same period.

By the mid-1980s many farmers were in arrears on payments to their creditors. In response, the Farm Debt Review Act was proclaimed in 1986. That act established farm debt review boards in every province to provide impartial third party mediation between farmers and creditors.

In our 1993 agriculture platform we promised to strengthen the farm debt review process. This legislation will do just that. It will create a new farm debt mediation service to replace the farm debt review boards as they are phased out.

This new service will help farmers position themselves to better adapt to new income opportunities as well as helping those who are experiencing financial difficulties.

It has been designed around three major considerations. It should build on the existing services and not duplicate them. It should be administratively efficient. It should cost less than the existing farm debt review board process.

Funding for the new service will come from the $240 million Canadian adaptation and rural development fund announced in the 1995 budget to help the sector make a transition to a more efficient and competitive market economy.

● (1810)

This proposal was not drafted in an ivory tower by isolated bureaucrats. Agriculture and Agri-Food Canada consulted with representatives from major farm organizations, provincial departments of agriculture and lenders last summer. The department also held seven regional focus groups with farmers and farm management advisers.

The purpose of these consultations was to identify the elements of a new farm income review service and possible ways to deliver it. The department then drafted a program design reflecting what emerged from the consultations as the most important elements of the new service.

A national consultative review committee was set up with representatives from farm organizations, lenders and two provincial governments. The committee met last December to discuss the proposed program design and identify concerns and suggestions.

In January, the Farm Debt Review Boards and all provincial governments were invited to comment on the proposal. Based on the input received, the government is proposing the farm debt mediation service. The new farm debt mediation service will provide insolvent farmers the same benefits as the current Farm Debt Review Boards, that is a stay of proceedings, a review and mediation.

Essentially it will continue to allow them to undergo mediation and work out, with their creditors, a way to resolve their debts. One

change from the current procedure is that farmers and creditors would be able to appeal decisions on stays of proceedings to an appeal board.

The current Farm Debt Review Board members could be appointed to the new appeal board while qualified mediators would be selected through the regular government contracting process. Farm Debt Review Board members, who are currently mediators under the Farm Debt Review Board Act, could be put on the list of mediators under this new program. Mediators would act alone rather than in three-member panels as they do under the current act.

These changes and the limiting of the new proposed act to insolvent farmers could reduce the program costs by more than $1 million per year from an estimated $3.5 million in 1995-96 to $2.2 million per year.

The consultations also showed that farmers and farm organizations, provincial representatives and industry could support a consultation service that is not tied to a debt crisis. Such a farm consultation service would concentrate on financial assessments to help farmers who have cash flow problems and to identify income opportunities and reduce costs to develop more viable operations.

Depending on their particular situation, farmers could also be referred to provincial extension staff, other federal or provincial programs or the private sector as appropriate for other types of services.

Because referral to other services and programs will be a key component of the farm consultation service, it is important that delivery of this service be developed through further consultations with farm organizations and others such as lenders, Canadian farm business management program members and the provinces.

It would also be important to have an up to date inventory of services in every province. Delivery costs for the farm consultation service would be kept to a minimum. This service could be delivered by the farm debt mediation offices or it could be developed and delivered in co-operation with the provinces or other existing programs where appropriate. The service would provide assistance to help farmers look at other income opportunities for diversifying, expanding and creating value added enterprises and to develop farm plans.

I have just explained how the new farm debt mediation act would work. I would ask members of the House to approve the motion to refer this proposed legislation to committee now, prior to second reading.

• (1815)

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, my remarks in this debate at the second reading stage of Bill C-38 are essentially based on ethical and philosophical considerations as a result of my parliamentary obligations as agriculture and agri-food critic for the official opposition.

This statement may seem a bit obscure, but you will soon understand my point of view in light of the information I will give you.

Bill C-38 to provide for mediation between insolvent farmers and their creditors will provide an important legal base for resolving conflicts of a financial nature. This new act will repeal and replace the Farm Debt Review Act, making administrative procedures easier for farmers and providing for a more equitable settlement for creditors.

At first glance, we have to salute this initiative by the department which seems to show greater concern for all agricultural producers. Several agricultural groups, through their executive committees, have supported this piece of legislation. The Bloc Quebecois will probably do the same when Bill C-38 is sent to committee for clause by clause study.

There are, however, some apprehensions on the part of producers who will inevitably find themselves in financial difficulty some day. Bill C-38 will replace the Farm Debt Review Act, which gave producers having financial problems the opportunity to benefit from the economic expertise of the Department of Agriculture and Agri-Food in order to avoid even more serious problems. In other words, the department offered an indebtedness prevention service, as well as the technical tools and the support needed to recover from these difficult situations.

In this perspective, it looks like producers will benefit from a more complete support from the department, but only in cases where the producer will no longer be able to call the shots. In other words, the farmer using the provisions of Bill C-38 will be at the mercy of his creditors.

To put it another way, in order for a farmer to benefit from this new bill, he will, to all intents and purposes, have to have his neck in a noose. At that point, he will be at the end of the road, whereas before he could start to look at the possibilities before being in debt up to his ears.

This, then, is the ethical and philosophical dimension I was mentioning at the beginning of my speech. How can the government refuse, or at least limit, the recourse open to an individual faced with a potential crisis? It would perhaps be an idea to look more closely at this aspect of the bill, which on the whole is innovative and in line with the modern current that has characterized the agricultural sector in this country for a number of years now.

We know for a fact that the government's initiatives to reform this sector of agricultural legislation are part of a move to put its fiscal house in order.

• (1820)

In fact, this amendment will permit savings of a million dollars. This is a huge amount, given that in 1995-96 the government invested $3.2 million in this regard. One million over three million, or 33 per cent, represents a huge amount percentage- wise. For the size of the country, one million is not such a large amount, but still it is a beginning. It is a step in the right direction.

However, it is vital to ensure that this savings is not achieved at the expense of citizens in dire financial straits. For if that were the case, this measure would no longer be laudable or profitable. In fact, one may wonder if the social costs of this measure would not be greater than the resulting savings.

On another point, Bill C-38 calls for abolition of the offices responsible for mediating between the producer and his debtors, replacing them by a similar body of another organization. Looking at this in the precise terms of the bill, the mediator's responsibility would in future fall to a single individual appointed by a regional administrator, himself appointed by the department and responsible for implementation of the act at the regional level.

Needless to say, this alternative opens up the possibility of another ethical problem of considerable scope, relating to the appointment of a public servant responsible for default mediation, and leaves the door wide open to a sort of latent patronage. It is logical to assume that certain hiring criteria might be formulated so as to work around the requirements of the Public Service Employment Act.

In this connection, it is vital for there to be a public debate on the appointment of these administrators, so as to ensure that no advantage may be taken of the appointment. There must also be assurance that there will be a pool of mediators, to avoid the same people being used every time.

The same logic applies to the designation of the appeal committees, also to be set up by the minister. Without becoming totally paranoid, the official opposition is entitled to call for more details on these specific aspects of the bill. We support the principle according to which Bill C-38 will give more responsibility to producers in managing their own affairs, particularly since this legislative measure will have the effect of generating a million dollars worth of savings.

In closing, I would like to draw your attention to the way the mediator is appointed. Care would have to be taken to avoid repetition—and with this I shall close—of the often disgraceful actions taken in the Canada Employment Centres, particularly when it comes to appointing the chair and the members of an arbitration committee. Often people are appointed merely on the basis of their political opinions, people who have never been near a real live unemployed person.

I trust that the mediator will have a better idea of what a producer is, what indebtedness is.

[*English*]

Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.): Madam Speaker, I will speak for 10 minutes to Bill C-38, the farm debt mediation act. As the Parliamentary Secretary to the Minister of Agriculture and Agri-Food indicated in his remarks, which were similar to remarks he made to Bill C-34, my remarks could be similar as well.

• (1825)

I expect we will have ample time to review the bill in committee since it is being referred to committee prior to second reading and amendments could be considered. Like Bill C-34, we believe Bill C-38 could be approved after hearing witnesses and after having a longer look at the bill. We might be able to put the bill in an acceptable form should the government agree to the amendments.

This bill replaces the old Farm Debt Review Board Act with a mediation act. It is not an earth shattering measure. It will not change the farmscape a whole lot and is not terribly controversial. Similar to my comments regarding Bill C-34 which I suggested was a diversionary tactic, this bill could fall into the same category. Maybe we should call it a stalling tactic in this case.

These are desperate times for the Liberals in rural Canada. They have snubbed the concerns and values of the rural areas with their lack of legislation since taking office in October 1993. One has only to mention Bill C-68 to know very quickly that Liberals are not very popular in rural Canada. Bill C-68, the gun control bill, was an insult to rural Canada. The minister in effect said: ''I do not trust you, rural Canada. I do not like your lifestyle and I think I should interfere with it''. The Minister of Justice proved that he did not understand rural Canada and the members of the rural Liberal caucus are desperate for some legislation they can put forward in order to say that they are concerned about rural Canada.

Bill C-68 to rural Canada was like telling urbanites they could only buy a certain brand of car. It was like telling people they had to wear a certain style of clothes. This is middle ages stuff which certainly does not go over very well in rural Canada. Rural Canada is not very happy with this Liberal government. The Liberals are grasping at straws to appease some of the bad feelings they have created among the voters in the rural ridings right across the country.

Another piece of legislation this Liberal government thought was a tremendous priority and rushed it through a few weeks ago was Bill C-33. That also did not go over very well in rural Canada. That was the bill the Liberals claimed would prevent discrimination against gays and lesbians but which Reformers said was actually a stepping stone to special benefits for a group in society. We are justified in our criticism of that bill. Just the other day the human rights tribunal indicated that as a result of Bill C-33 spousal benefits were required by employers.

The Liberals say: ''We have to counteract this criticism somehow. Let us bring in Bill C-38, a bill to bring in a mediation act to replace the Farm Debt Review Board Act''.

There seems to be some unhappy Liberal members when I talk about Bill C-33 so maybe I should mention a couple of statistics. Recently an Angus Reid survey showed what is happening in rural Canada as far as the issue of spousal benefits is concerned. I was going to move on but they seem to want me to talk about this issue some more.

In Manitoba and Saskatchewan, 54 per cent of the people on the prairies, urban and rural—and I am sure it is even stronger in the rural parts of the provinces—are opposed to spousal benefits, and another 4 per cent are undecided. It is strong opposition. In Alberta it is even higher at 55 per cent opposed and 7 per cent undecided. It is a smaller minority that supported the actions of the Liberal government in Bill C-33.

In trying to heal the wounds, the Liberals have brought forward Bill C-34 and Bill C-38. They can talk about the wonderful things they will accomplish with these two pieces of legislation as they simmer on the back burner over the summer. Then we will get into studying them in the fall when we come back.

Why is farm debt a problem? And it is a problem. Farm debt has been a problem for quite some time. Let us look back to what the Farm Credit Corporation did a decade or two ago. It became the lender of last resort.

• (1830)

It made some very foolish loans, loans it should not have made. It actually was the leader that got a lot of banks and credit unions pushed in that direction as well. It was making loans based on unreasonably high expectations in the farm sector.

Then the farm sector was hit with high interest rates of 19, 20, 21 up to 25 per cent interest rates plus falling farm commodity values which occurred during the 1980s. Suddenly a lot of farmers had lost their equity, had a high debt load and were not able to carry that load in their operation.

The Farm Credit Corporation took ownership of the land. The banks took title to the land. The Farm Debt Review Board was put in place to facilitate agreements between the lenders and the land owners to ease the pain that a lot of farm producers were going through when they were not able to make their payments to the Farm Credit Corporation and the other lenders.

The Farm Credit Corporation seems to be back in this business again of offering loans that perhaps it should not be offering. The minister has talked about expanding the role of the Farm Credit Corporation. Again we see land values escalating. We have to wonder if we will retrace the steps we took during the 1980s. This farm mediation act may have more impact in the future than we might wish to believe at the current time.

It is fine and good to look at bills like the farm mediation act as a way to facilitate some of the problems farmers find themselves in when they become cash strapped and unable to make their payments on loans they have taken out.

Let us look at the industry in broader terms and determine why farmers and other businesses get themselves into problems in Canada and we have bankruptcies, foreclosures and land going into receivership. It is because the cost of doing business in Canada is very high.

If the Liberal government would address that concern first before it replaces the Farm Debt Review Board Act with the farm mediation act it would be of far more benefit to producers who are feeling the cost-price squeeze than this piece of legislation which it is using to divert attention away from its lack of action.

Canadian farmers pay high taxes. The Liberal government has increased taxes and seems bent on maintaining a high cost of doing business in Canada. Farm inputs are high. The committee looked at farm inputs. It realized that some of the input costs are high because of the regulatory burden placed on farmers.

We recently had an ag-biotechnological conference in Saskatchewan where the premier of Saskatchewan said one of the high costs placed on that industry is that of high regulation. The pesticide registration act needs to be changed because of the regulatory burden passed on to consumers.

While Bill C-38 may be well and good to debate in the House, and I am sure we will when we come back in the fall, it is not the key critical area that will prevent farm debt from being a problem. It is the high cost of doing business in this country. It is high taxes and high regulations that are the problem.

The other concern we have with the bill is that we do not allow patronage as we saw in the form of patronage appointments to the Farm Debt Review Board. We want to make sure these mediators are appointed or chosen or based on their merit and their credibility rather than on the fact that they happen to hold a Liberal membership. I think that is extremely important.

We look forward to making improvements to the bill when it comes back in the fall.

Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.): Madam Speaker, I am more than pleased to have the opportunity today to speak on a very important piece of legislation for farm families, Bill C-38, the farm debt mediation act.

This new legislation will replace the current Farm Debt Review Act with a new farm debt and mediation process. This is another example of how the Liberal government is putting the needs of rural Canada, of farm families and farmers first. It is one of a long list of initiatives we are undertaking to improve the system to better serve the agricultural sector.

This new act addresses the problems that farmers have identified over the years with the Farm Debt Review Board system. It goes a long way to improving the farmer's position in insolvency proceedings.

● (1835)

The Farm Debt Review Act first came into being 10 years ago in response to debt problems in the farm sector at that time. It established farm debt review boards in every province to provide third party mediation between farmers and their creditors.

With the passage of this new act, the Farm Debt Review Board would be replaced by a new broader based farm income review service. This new service will help farmers position themselves to better adapt to new income opportunities to help those farmers who may experience financial difficulties related to either income or debt servicing ability.

This is a proactive approach. We are setting up a system to help farmers before difficulties become debt load problems with creditors. We are giving farmers more options and better opportunities to make their operations viable and stay on to do what they do best, to farm, to produce high quality food and to feed the world.

The government developed the concept for this new service to compliment the other positive initiatives we have taken in the areas of agriculture and agri-food.

This legislation is the result of cross-Canada consultations with farmers and their creditors as well as provincial governments. It is therefore not surprising that there is widespread support for the initiatives of the Minister of Agriculture and Agri-Food.

In keeping with the Liberal government's strong record of consulting with Canadians, we are proposing to refer the act to the standing committee before second reading to give farmers every opportunity to add their input.

The best solutions are found through consultation and co-operation. That is exactly what the government is doing with farmers for farmers. This new service is designed to be an integral part of an overall package of adaptation initiatives aimed at helping the sector adapt and take advantage of opportunities to build a strong rural Canada.

The service will be funded out of the Canadian adaptation and rural development fund which was announced in the 1995 budget to help the sector make the transition to a more efficient and competitive market economy.

The new legislation retains the stay of proceedings, review and mediation but now puts the mediation aspect into legislation. By placing mediation within the act, farmers are assured of an impartial mediation process and that the mediator is not advising the farmer or negotiating on behalf of the farmer or the creditor.

Further, farmers will not have the opportunity to appeal decisions regarding the granting, extension and termination of stays of proceedings which do not exist under the existing act.

By setting up an appeal process and a formal appeal board, the Liberal government is giving farmers a further recourse. In keeping with the government's commitment to reduce cost of government and to save taxpayer dollars, this new service would be less costly to administer with the current Farm Debt Review Board.

Since it is less administratively cumbersome, there would be better opportunities to reduce duplication and to work within provincial mediation services. There would be two components of the new farm income review service, a debt mediation service and a farm consultation service not tied to a debt crisis.

The new debt mediation service would also be based on a single mediator model rather than the current three-person panel. There would no longer be farm debt review boards and mediators would not be appointed by the minister.

We are depoliticizing the process to the benefit of farmers. These changes would reduce the program cost by more than $1 million per year.

The other component of the new farm income review service, the farm consultation service, would provide financial consultation to farmers facing emerging problems or when farm families are looking for opportunities.

The service would be preventive in nature and would provide advice on cash flow problems as well as helping farmers look at options for diversification, expansion, downsizing and restructuring their operations.

The bill will help farmers better manage their economic future and will help increase the overall prosperity of our agricultural sector and of our rural communities.

There is more optimism in the agriculture sector than I have ever seen. That optimism is the result of the positive policies the government is putting place like new legislation to help farmers.

● (1840)

I saw this optimism this past weekend when I had the pleasure of attending a centennial farm celebration for the Dalgeish family in Grandview. Four generations of the Dalgeish family have toiled

for long hours in very difficult conditions through the dirty thirties, through searing heat and bitter cold, through droughts and floods, through strong markets and world price wars. They have persevered and worked the same farm for 100 years, and that is certainly something worth celebrating. I am a third generation farmer and I know how important it is to ensure the farming tradition continues.

I am pleased to be part of a government that is putting in proactive farmer initiative policies for long term survival and prosperity of family farms, policies to ensure we have many more centennial farms to celebrate.

I have always been and I continue to be an ambassador for rural Canada, an ambassador for rural economic development. Never in Canadian history has the future of rural Canada looked so bright, and this is at least in part due to the very positive action the government has taken to enhance the agricultural sector. The government is putting in place the foundations needed to take rural Canada, farmers, into the 21st century. For this reason I wholeheartedly support the bill.

[*Translation*]

Mr. Jean-Paul Marchand (Québec-Est, BQ): Madam Speaker, I would like right off to say hello to a friend of in North Bay, Ontario, named Jean Tanguay. He is perhaps watching, and I wanted not only to indicate his presence, but also to tell him that I cannot right now talk about francophone issues or the problems faced by francophones in Ontario, but am rising to speak to an agricultural issue, Bill C-38.

It is in fact the Farm Debt Mediation Act. I am delighted to see that the Farm Debt Review Act is being spruced up. As you will recall, this act was passed in 1986, ten years ago, when an exceptionally high number of farm families were forced to give up farming, because they could not meet their debt obligations.

Debt review offices were set up in each province at the time. The aim of Bill C-38 is to facilitate mediation between insolvent farmers and their creditors. It is also to amend the Agriculture and Agri-Food Administrative Monetary Penalties Act. Bill C-38 repeals and replaces the Farm Debt Review Act and provides initially for a review of the financial situation of an insolvent farmer and subsequently for financial arrangements with creditors, hence the importance of mediation, and, as appropriate, the suspension of the creditors' right to take proceedings against a farmer in serious difficulties.

Bill C-38 also provides for the Agriculture and Agri-Food Administrative Monetary Penalties Act to apply in the case of contravention.

My party, the Bloc Quebecois, supports the objectives of Bill C-38 in general terms. It is not a controversial bill. It appears to respond satisfactorily to the concerns of farmers, with the exception of financial institutions.

This bill is the result of extensive consultations involving all stakeholders, which showed that despite the need to maintain the stay of proceedings clause and to keep on helping through mediation, changes could be made to improve efficiency and lower costs.

When we look closely at the proposed bill, we find that farmers in financial trouble will no longer qualify. They used to under section 20 of the Farm Debt Review Act.

• (1845)

Now, the way I see it, there will be only two categories of farmers who will qualify. First, commercial farmers, second, insolvent farmers, that is farmers who can no longer meet their obligations when they come due or those whose property, if sold, is not sufficient to pay off all their debts.

Bill C-38, as it now stands, tightens up eligibility criteria. Under those conditions, we must wonder what would happen to farmers in financial trouble. Would they have to wait to be insolvent to qualify for help? I will point out that this is a rather strange kind of medicine. Personally I would choose to help farmers put their financial house in order before they become insolvent. Even though it might be a little late to act, better late than never. We must act while there is still time. This is the reason why I am asking the government to do something so that farmers in trouble might also get some respect from the government.

We are told that the new service will be less costly and cumbersome. However, this is one of the particular aspects of Bill C-38 which bother me. Another one is the entrenchment of mediation in the legislation. Under the Farm Debt Review Act, there was a certain amount of mediation, of course. However, with Bill C-38, mediation will be an integral part of the legislation and will ensure a fair process since the mediator will be the mediator. In other words, the mediator will not be in a position to give advice either to the farmer or to his creditors. His title says so. He must remain a mediator.

Another aspect of this bill which bothers me is the power of the minister to designate administrators, as it is stated in clause 4(a). Let me explain. Bill C-38 abolishes regional offices created by order in council since services will now be rendered by regional administrators responsible for the enforcement of the Farm Debt Mediation Act. These administrators will be appointed according to the Public Service Employment Act.

What bothers me is that the minister will have the power to designate individuals who are not public servants under the terms of the Public Service Employment Act if these persons meet the requirements set by the minister. Are we to understand that some of these regional administrators will be appointed in accordance with criteria determined by the minister? If such is the case, I believe we should debate that point. If the minister can designate administra-

tors in accordance with criteria different from those set out in the Public Service Employment Act, how can we be sure the present minister, or an eventual successor, will not use that clause for partisan purposes?

As far as the choice of mediators is concerned, we just learned that they will be chosen through a bidding process and that a large pool of mediators will be established. There again, we can legitimately question the process for the choice of one or all mediators. Given the actions of this government in several instances, we have every reason to ask if there will be patronage involved. This government is clearly too prone to patronage. At one point, there even was a Tory member and minister, the member for Joliette, the Hon. Roch LaSalle, who said that patronage was a normal part of politics.

This has been shown to be true in many instances. It is not only the case with Pearson airport, but also with Expressvu and others. This government indulges in a lot of patronage, particularly in the contracting out of public works. There is a lot of patronage there, and I daresay I would not want it to extend to agriculture, which is such an important sector for the future of many people. I believe the government, through its minister, must convince and reassure us that this will not happen.

• (1850)

Furthermore, we should pay attention to the standards to be applied to the salary of both regional administrators and mediators. On another level, the program administrator will be able to designate an expert to do the financial assessment or an expert to develop options to be considered in the course of the mediation.

Once again, what are the criteria for the selection of these experts? We are told the government could leave it up to the farmer, by giving him the resources necessary, to hire of the expert or the financial counsellor of his choice. What are the criteria or the requirements? You know, when we say ''could'', this does not necessarily mean it is an inalienable right.

Moreover, there are the twenty or so members who will at some point sit on the appeal committee. Once again, they would be appointed by the minister. We are told they would come from the farming community as much as possible. Again, this is perhaps only lip service, without any serious guarantee, I believe.

[*English*]

Mr. Jake E. Hoeppner (Lisgar—Marquette, Ref.): Madam Speaker, it is a pleasure to make a few comments on Bill C-38, the debt mediation act.

When I think back, only twice in history have farmers had to use this type of vehicle to stay solvent. The one vehicle I can barely remember as a child was called the debt adjustment board, something the government implemented shortly after the great depression.

The debt adjustment board was designed to keep farmers on the land. It gave them a chance to restructure. It took the clout of creditors away. They could not foreclose for a certain amount of time. It gave farmers a chance to get back on their feet.

Bill C-38, the farm debt mediation act, is probably a quick end to ending the misery of a farmer already in financial problems. The 120-day period of grace for a farmer with serious financial problems is not even a glimpse of hope.

When we look at the Canadian Wheat Board taking at least a year and six months to sell grain and to pay out final payments, how is a farmer supposed to reorganize his financial house in 120 days or a third of the crop year?

We have to look back at what created this big problem. I have heard many kind comments about the present Liberal government. I wish the past Liberal governments of the seventies and early eighties had been just as kind. They were the governments that allowed inflation to creep up to 15 per cent and 18 per cent, and interest rates up to 24 per cent. Bankers, accountants and financial planners told farmers they had to specialize and to redesign their farming operations so that they milked 100 cows instead of 25 cows and raised 10 pigs and some chickens. They had all the answers for farmers. They were supposed to have a better livelihood.

All of a sudden in 1981-82 when the crunch really hit interest rates rose to 24 per cent and it was only people like Mr. Gordon Sinclair who said there was no crisis or debt problem. Those people raked in huge profits and farmers suffered. They could not dig themselves out of their debt load.

If it had not been for the Conservatives coming through in 1986 with a number of huge payments to farmers, there probably would not be a farmer left in western Canada today. If it were not for FSAM I and FSAM II which doled out billions of dollars, not millions, farmers would not have survived to this point.

Because the Conservatives organized the debt review board which helped a lot of farmers to restructure, the kind Liberal government is now trying to say that it will get the few guys still left in misery out in a hurry; in 120 days it will be over for them. I do not see the kindness from the government I have been hearing about tonight.

• (1855)

Why should a farmer who has suffered for 10 years have the final bell rung? Why should he be told in another 120 days the game will be over? Is that the nice, compassionate government we see in the House? Or, is it just another way of more or less getting into the type of farming system we see in communist countries?

It bothers me when I have heard financial advisers and planners tell us for 10 years what we have to do and suddenly in the middle of the course they pull the plug and say we have to do something else.

I wonder why farmers are put in jail or are fined thousands of dollars for trying to market their grain at a better price. I cannot see the kindness of the Liberal government.

I will read a couple of words of a writer in the *Glenboro Gazette* in the centre of my riding: ''I don't care if you think the wheat board is a gift from God. If they are not held accountable they are going to go on filling their own pockets with the hard earned dollars of the farmer. And no government official deserves to live a better life than the people that elected him or her''.

If that is the case, why not give farmers in financial problems a million dollar pension plan like the one members in the House are getting? That is the way to solve their problems. It would be a lot easier to farm from there on. The people who were elected to the House are now telling them the game will be over in 120 days. That does not seem to be a kind and rational solution.

I will read a few lines from another article: ''Illegal grain exports earned farmers $302,000''. Two farmers who sold their own grain earned an $302,000. The Liberals are trying to tell me that the marketing system they think is more or less a godsend or a gift is keeping these farmers on the land. It is throwing them off. The $302,000 would pay a lot of debt.

Mr. Brooks says the loss could have been bigger because some of the barley graded as feed sold as malt barley. What is happening? Do we have a Canadian Grain Commission that does not know how to grade grain? Why do the Liberals not restructure the Canadian Grain Commission so we can at least have grain graded properly?

It seems strange where the kindness I have heard about this evening is coming from and going. It further amazes me when I read: ''Rebel farmers' plight against wheat board may not yet be over''. Mr. Sawatzky won his case. The judge said that there was no breaking of the law and that the Customs Act had not been violated. The kind Liberal government will take him for another ride.

A wheat board counsellor said: ''An appeal is necessary because the order in council wouldn't apply to anyone charged before the loophole was closed. There are a significant number of charges still out there''. Why not fix those farmers, those poor farmers the Liberal government is going to give another 120 days to end it all? It seems to me the kindness I have heard about this afternoon is probably the kindness of putting them out of misery. The quicker the better. It is selective Liberal justice.

When I look at a number of bills in the House they remind me of a flock of sheep. When a flock of sheep becomes discontented it runs around in the pasture looking for a better spot to graze. The sheep are not quite sure whether they should stop to graze or whether they should break out of the pasture and maybe get into an alfalfa field and kill themselves. This is what these bills seem to do.

The Liberals are not really sure how they should handle it, but they are running around in the pasture trying to divert attention so that if they find a hole in the fence to get through nobody will notice. Eventually they will probably overeat, bloat and die. That is how I see the last two bills the Liberals have introduced.

● (1900)

Every year it astounds me when I see the statistics and there are fewer farmers, not more. It is said that if government helps the farmer once, he can survive; if it helps him the second time, he is in big trouble; but if it helps him the third time, he is finished for sure.

I wonder what the third bill will be. We have seen two here today. Probably the other one is that whenever a farmer grows a bushel of wheat, he should not have any control over it at all. He should not even be able to market it to the cattle producers or the hog producers. Maybe the government should take that away too, like it used to be.

We have to start realizing that farmers are some of the best managers in the world, but the government still insists that it knows better and that it can help them. The only thing it can help them with is emptying their pocketbooks. After that has happened, usually then there are problems and the government gives them another kick in the butt and says: ''Here it is, 120 days and the game is over''.

Maybe we should have another bill or something to complement these bills. Then we could do it all in one swipe. Bills C-34 and C-38 are doing a good job. The kindness of the Liberals will be well remembered into the future, as was the kindness of the Liberals in the 1970s and 1980s. Those days will be remembered as long as history stands: 24 per cent interest and inflation at 18 to 20 per cent.

I appreciated the opportunity to speak on this bill. It has been a pleasure. I can see the Liberals were listening from the expressions on their faces. They paid attention.

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, before speaking on Bill C-38 I have to respond to a couple of remarks made by the last speaker.

The Reform Party continues to use every opportunity it can to attack the Canadian Wheat Board. It does so using selective facts. I want to underline those selective facts.

Let me say that if one stacks up the record of the Canadian Wheat Board, the orderly marketing system versus the open marketing system, the Canadian Wheat Board over the past 20 years has shone every year. When one takes all the facts and looks over the years, it will be found that the Canadian Wheat Board has maximized returns back to producers like no other agency anywhere in the world.

I want the member to recognize that. I know it is hard for him to admit he is wrong on that point, but eventually he will have to. We will debate the issue at committee and I hope we can clear up his mind on that matter.

I am pleased to have the opportunity to speak on Bill C-38 which will repeal the Farm Debt Review Act and introduce a new act to facilitate financial arrangements between insolvent farmers and their creditors.

Let me suggest up front, and I agree with my colleague from Lisgar—Marquette on this point, it is a sad commentary that we need such acts as the farm debt mediation act that will help insolvent farmers gain a settlement with their creditors. It implies that there are financial difficulties on the farms at times, and there certainly are.

Some are caused by management difficulties and many others are caused by problems unrelated to the primary producer's ability to manage. It may be international monetary flows. It may be global prices in terms of commodities. It may be rapidly changing interest rates. Many of us, myself included, who are in the farm community have faced those kinds of times in the past.

In debating this bill this evening thus far, very little has been said about the extreme trauma farm families go through when they face insolvency. I raise this point because the reason, in part, to change the act is that there are far fewer hard financial cases coming forward to the Farm Debt Review Board today than there were 10 or 12 years ago, which is a good thing. When we deal with this issue, because times are a little better now, we in this House tend to deal with things in the abstract. Being in farm financial difficulty is very hard to explain. It is something people cannot understand unless they have experienced it.

● (1905)

For each farm family that is involved in a serious farm financial crisis, it is very troublesome and difficult for them, for the man, his wife and their children, in terms of the loss of pride and in many cases in terms of losing their heritage, in terms of loss of faith in oneself, even though it may not have been a management problem. It might have been an international marketing problem or some such thing that has put these people into financial difficulty. It is extremely painful and troublesome. There have been many suicides in the past in the farm community as a result of the farm crisis.

Whatever we do with this bill, we have to ensure that the bottom line is that we protect those farmers, those families and those rural communities that find themselves in financial distress. We have to ensure there are ways and means within this bill to protect the human aspect beyond the dollars and cents from the difficulties caused by the financial problems.

Eleven years ago, as president of the National Farmers Union, I led a farm finance lobby to lobby on this very issue on this very Hill. Yes, we asked for more power. We asked for an appeal process. We went far beyond where this bill takes us. But this bill does move us a step in a positive direction by putting in legislation some of the powers and by establishing an appeal process where formal appeals can be made.

I said earlier that we must strive to ensure that farm returns continue to surpass farm expenses. In all the other legislative matters we pursue in this House we must ensure that marketing agencies, supply management, the Canadian Wheat Board remain strong to ensure that the government through its agencies is working the best it can to maximize prices and returns to producers from the marketplace.

I mentioned that the government cannot knuckle under to a few law breakers who are trying to violate the laws of the land in terms of surpassing the Canadian Wheat Board. We cannot knuckle under to the few Reformers who are speaking out against the good marketing institutions we have in this land.

Allow me to move to Bill C-38 itself. I agree with the general thrust of the bill. I certainly am in favour of this bill moving to committee to be debated further. Many of the points in the bill were outlined in the Liberal Party document ''Food Security for Canadians and a Fair Return for Canadian Farmers'' in which we talked about the commitments we would make with respect to farm debt review boards.

The original and current role of the Farm Debt Review Board was outlined in the most recent Agriculture and Agri-Food Canada estimates on page 99. It said: ''Farm debt review boards were established in 1986 in each province to ensure that farmers in financial difficulty or actually facing a farm foreclosure are afforded an impartial third party review of individual farm circumstances''. That is important.

As my colleague from Dauphin—Swan River said earlier, this bill moves us toward focusing on farmers in insolvent situations. It applies through legislation an impartial administrator and opens up an appeal process.

● (1910)

On initial examination of the bill, the provisions would appear to limit rather than to expand access to the farm debt review process. I have concerns about that and I will be talking about this at committee.

One question which should be addressed is that according to the estimates for the department on page 99, since 1986 there have been 24,000 applications to the Farm Debt Review Board. The two sections applied under were section 16, farmers in financial difficulty, and section 20, insolvent farmers.

How many of these would have been excluded from the process had the insolvency rule applied since the inception of the Farm Debt Review Board? According to Agriculture Canada officials, approximately one-half of the applications under the former act were made for insolvency and the other half under the provisions of financial difficulty.

However, some of those in financial difficulty were found to be insolvent. The point is that perhaps one-third of the applications to the Farm Debt Review Board would never have qualified given that they were not insolvent. I maintain that the fact they were able to go before the Farm Debt Review Board and get mediation services and assistance is why many of them were able to keep their farms and are on the land today.

The bottom line as we debate Bill C-38 is it is important to remember that other things have to come into play as well. I believe we have to re-examine—

The Deputy Speaker: The hon. member's time has expired.

[*Translation*]

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

Some hon. members: Agreed.

Some hon. members: On division.

The Deputy Speaker: I declare the motion carried on division.

(Motion agreed to and bill referred to a committee.)

* * *

[*English*]

YORK FACTORY FIRST NATION FLOODED LAND ACT

Hon. David Anderson (for Minister of Indian Affairs and Northern Development, Lib.) moved that Bill C-39, an act respecting the York Factory First Nation and the settlement of matters arising from an agreement relating to the flooding of land, be read the second time and referred to a committee.

Mr. Elijah Harper (Churchill, Lib.): Mr. Speaker, I rise to address the House on Bill C-39, the York Factory First Nation flooded land act.

Hon. colleagues will remember back in June 1994 when this House gave second reading to Bill C-36, the Split Lake Cree First Nation Flooded Land Act. The flooded lands acts are part of my constituency in the riding of Churchill. The bill before us, the York Factory First Nation flooded land act, is very similar to Bill C-36, the Split Lake Cree Flooded Land Act which we passed in 1994.

• (1915)

The objective is to enact certain elements of the implementation agreement that has been negotiated with the York Factory First Nation to fulfil obligations under the Northern Flood Agreement. In order to put this bill into perspective I would like to quickly remind hon. members about the circumstances that have led us to this proposed legislation.

In December 1997 the Northern Flood Agreement was signed by Canada, the province of Manitoba, Manitoba Hydro and the Northern Flood Committee who was acting on behalf of the five Manitoba First Nations: the Split Lake Cree, Nelson House, York Factory, Norway House and Cross Lake First Nations.

The purpose of this agreement was to address the adverse impact of hydro-related projects on the Churchill and Nelson Rivers that resulted in the flooding of almost 12,000 acres of reserve land in northern Manitoba.

This project also flooded more than 525,000 acres of non-reserve land, much of which was traditionally used by the five First Nations for hunting and trapping. The affected waterways were also used as a source of drinking water, for recreational pursuits, for food and commercial fishing, and for transportation.

The flooding had an enormous impact on these communities. It has robbed many families of their traditional livelihoods and caused many people to leave their communities in search of work and a better way of life elsewhere. It resulted in the loss of homes and personal property. In total, about 9,000 First Nations people were directly affected by the flooding.

The Northern Flood Agreement was intended to address the problems caused by the flooding, to compensate the five First Nations for loss of land and the negative impact on their livelihoods. The agreement identified financial compensation, community infrastructure programs, land and other benefits that will be provided to the affected parties.

Hon. members will recall from the debate on Bill C-36 that the Northern Flood Agreement did not live up to its promises. The agreement is vaguely worded and did not anticipate all issues that have since arisen. It did not set out the roles and responsibilities of the parties as clearly as we would have liked. As a result, little or no progress was made in implementing many elements of the agreement.

As the implementation process broke down, the affected Manitoba First Nations turned to the dispute resolution mechanism set out in the Northern Flood Agreement. Over time, more than 170 claims

were submitted for arbitration. Like many other elements of the agreement, this process turned out to be both inefficient and costly for all parties.

An important breakthrough was achieved in July 1990, when the four parties to the Northern Flood Agreement negotiated the proposed basis of settlement as a means of addressing outstanding claims and obligations. This proposed basis of settlement is now finding a foundation for negotiating implementation agreements with the individual First Nations.

One such agreement was signed with the Split Lake Cree First Nations in 1992, and is now being implemented. The settlement agreement provides for financial compensation, increases socio-economic opportunities for the Split Lake Cree and releases Canada for all matters being dealt with under this agreement.

Implementation agreements have now been completed with two additional communities. After ratification by the community late last year the York Factory First Nation implementation agreement was signed in January. I am pleased to report that these negotiations are proceeding with the two remaining First Nations affected by flooding, Norway House and Cross Lake.

Bill C-39 will not enact an implementation agreement with York Factory. The agreement has its own legal force and the parties have already begun to implement them. However, as was the case with Split Lake, legislation is needed to execute certain provisions of the agreement. This is the purpose of Bill C-39.

● (1920)

This bill is virtually identical to Bill C-40. Nevertheless it is important that separate legislation be passed to demonstrate positive closure of this heated issue in each community. Because of difficulties in implementing the Northern Flood Agreement, the passing of band specific legislation will be viewed as a significant achievement by members of each community.

As I indicated a moment ago, Bill C-39 and Bill C-40 will enact certain elements of the Nelson House and York Factory implementation agreements. Specifically these bills will achieve four objectives. First, they will ensure that any lands provided to these First Nations in fee simple title will not become special reserves under section 36 of the Indian Act.

The removal of section 36 application means that the York Factory First Nation—as is the case with the Split Lake Cree First Nation—will be able to sell their fee simple lands, develop them, take out mortgages, and address property taxes pursuant to the arrangements with the province. In effect, they can use and control these lands as they see fit within the parameters of the provincial land regime.

Fee simple ownership will also protect the interests of the province by placing the land under the provincial land regime. It will reduce the administrative burden on the Department of Indian Affairs because it will not be responsible for managing these lands as it is for reserve lands.

Second, this bill will provide that moneys owed under the York Factory implementation agreement are not payable to the crown and therefore will not be administered as Indian moneys under the Indian Act. Instead the moneys will be paid to and administered by First Nations trusts at the discretion of the York Factory First Nation.

This is a very important provision. It will give the affected bands much greater control over these moneys than they would have under the Indian Act. This in turn removes a potential source of friction between the bands and the Department of Indian Affairs over how the money should be managed.

From the government's perspective this provision will further reduce the department's administrative burden. The First Nation will have more immediate access to these funds to address their own priorities. Nevertheless there will be important controls in the form of trust provisions set out in provincial law.

Third, this bill will provide that certain types of claims can continue to be made under the Northern Flood Agreement. However, if the applicable implementation agreement also provides for the matter to be settled or adjudicated, the provisions of the band specific implementation agreement will take precedence over the Northern Flood Agreement process which I noted earlier is costly and inefficient.

This proposed bill will enable Canada to use the Manitoba arbitration act when dealing with any dispute between the parties submitted to arbitration under the terms of the Northern Flood Agreement. Currently Canada is the only party to the agreement that does not have access to these arbitration mechanisms.

I want to assure hon. members that the proposed act will not establish a new program or provide new benefits to First Nations people. It does not include any commitments by the Government of Canada that do not already exist under the implementation agreements themselves. We are simply fulfilling commitments made by government to aboriginal people which is something we said we would do in the red book and which we have been progressively doing for the past two and a half years.

I am pleased that this agreement, and particularly the elements we are proposing to execute through legislation, will take us further down the path toward self-government. Bill C-39 will empower First Nations' leaders and the compensation provisions of the

implementation agreements will provide the means by which community conditions can be improved.

The provisions for fee simple ownership of land and to place compensation moneys under First Nations control are both important steps to ward increased self-reliance and self-government.

● (1925)

Under this approach, the First Nations' leaders will be accountable to their own members for spending, investment and land management decisions. This is a significant move away from the Indian Act and toward self-government, one that I wholeheartedly support.

In terms of improving community conditions, we need only look at the Split Lake Cree First Nation, which has been implementing its settlement agreement since 1992, to see examples of positive progress.

First and foremost, the agreement has put to rest a divisive issue in the community. As well, Split Lake now has the ability to manage water flows, which means that community members are better equipped and able to pursue their traditional lifestyles.

Through the Tataskweyak Trust, the Split Lake Cree First Nation is using its compensation money wisely and for the benefit of its members. This money is being used for socioeconomic development, to support resource harvesting, to compensate members for certain types of losses as a result of the flooding, to build remedial works and much more.

Chief Norman Flett, who negotiated the Split Lake settlement agreement, appeared before the Standing Committee on Aboriginal Affairs and Northern Development during the committee's review of Bill C-36. At that time, he told the committee that the implementation agreement had given his First Nation a huge lift in trying to improve community conditions.

His comments were echoed by John Peter Mayham, another witness from split Lake, who told the standing committee:

> The money and the benefits we receive from our settlement are mainly used to build the community. We are reinvesting the dollars in the community. Before, 60 per cent of the income on a reserve went off reserve. That's why we're trying to capture our own money from the reserve and invest it inside the community—we're encouraging individual band members to go into their own economic development, their own businesses.

The benefits of the settlement agreement are visible throughout the Split Lake Cree community. Settlement moneys have already been used to build an arena, housing units and a mini-mall. Programs have been established related to business development, trapping, culture and recreation.

In the case of the business development program, any band member, whether living on reserve or off reserve, can apply for funding.

When Mr. Mayhem appeared before the standing committee, he reported that the band was exploring major joint ventures with outside construction companies. For example, a $2.7 million Manitoba Hydro contract was entered into as a joint venture between Split Lake Construction Company and Comstock Canada Company Ltd. Another $640,000 Manitoba Hydro contract was awarded to Split Lake Construction Company.

The Split Lake First Nation has also become one of the major shareholders of a company that manages capital projects for First Nations in several provinces. I am particularly impressed by an initiative of the Tataskweyak Environmental Agency, which has also been established by the Split Lake Cree First Nation. The agency's water quality monitoring program is so successful that the individuals responsible for the program have been invited to many other communities to provide information and guidance on water monitoring.

As parties to the implementation agreements, the province of Manitoba and Manitoba Hydro support Bill C-39. In fact, the provincial government is now in the process of drafting companion legislation to this bill, as required by the implementation agreements. The provincial legislation will further protect the interests of the bands.

This bill was developed in close consultation with the affected First Nations. Meetings were held only last month involving Canada, the province of Manitoba, Manitoba Hydro and the York Factory First Nations to discuss the proposed act.

● (1930)

Minor revisions have been made to address First Nation's concerns. I want to assure hon. members these acts will in no way affect the other three Northern Flood Agreement bands, including the two that have not yet signed settlement agreements, Cross Lake and Norway House.

I want to make it perfectly clear that the proposed act is not necessary to execute the implementation agreement with the York Factory First Nation. However, the act is necessary if we are to move away from the expensive and frustrating process of the Northern Flood Agreement.

It is necessary if we are to give the First Nation control over their compensation money and fee simple lands. It is necessary if we are to continue to move away from the paternalistic Indian Act and toward increased self-sufficiency, self-reliance and self-government.

By giving its approval to Bill C-36 several months ago, the House has already endorsed the government's approach to resolving outstanding issues related to the Northern Flood Agreement. I therefore urge my hon. colleagues to join me in supporting this legislation which will achieve the same positive objectives in other

affected communities. I support the bill and thank you, Mr. Speaker, for letting me comment.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I am pleased to rise today to speak to Bill C-39. We are, in fact, treading familiar grounds, as a bill concerning Split Lake, which was passed by this House over a year ago, contained more or less the same provisions.

York Factory is one of five Cree communities covered by the agreement under consideration today. We are therefore in familiar territory.

As is my habit, I did a little research this afternoon because I like looking at things in context, rather than jumping straight into something that is very arid. I read about the customs and the people in that location, how long they have been there, and so on. I discovered that some 200 years ago, when the first Europeans arrived, they referred to the Cree as the ''Cristinos''. I do not know whether my hon. colleague from Churchill already knows any of this, but that was what they were called in those days. It appears that, over time, the ''Cristinos'' became the Cree.

Let us say that these people have claimed an extremely large territory that I will be happy to describe for you. It could even be argued—as they do, probably with good reason—that the First Nations have occupied this territory for the past 15,000 years. They have been there for a very long time indeed. As I said, this territory is huge, extending from the east side of James Bay to all the rivers in the north leading to James Bay, to the northernmost point of Lake Winnipeg.

Interesting discoveries were made there. Anthropologists and archaeologists have found, among other things, pottery at least 1,000 years old, created by these people's ancestors. I mentioned earlier that the Cree claim to have been living on this land for nearly 15,000 years now. At the time of European contact 200 years ago, there were more than 15,000 Cree Indians here, who spoke Cree; today there are still 11,000 Cree in five communities who still use the Cree language.

As for their culture and their art, which are still alive today, several pieces of embroidery were found, especially pieces made with moose and reindeer hair. Artefacts from that time were found and today still, the mark of their art is recognizable. Just by looking at Cree art and clothing, you can see how important embroidery was and still is in their culture.

● (1935)

I have also found how Europeans described the Cree at the time. Two hundred years ago, the Cree were said to be a dashing people, with elegance, great people skills and a way with words. These features were easy to recognize in Mr. Coon-Come and other Cree leaders from Manitoba, with whom I have regular contact. It is clear that these people are born diplomats who proudly speak up for their culture and the people they represent. They are indeed very eloquent.

All you have to do to convince yourself is to listen to Mr. Coon-Come speak Cree, because that is the tradition at these kinds of meetings: they speak together in their mother tongue at first. I am always dazzled by how rich the Cree language is. We will be listening to what they are saying through the voice of an interpreter and, now and them, we will take off our earpiece, just for the pleasure of hearing this rich language. It is always very nice to see these people speak their own language at first.

After these few words of introduction, allow me to move on. I do not wish to get into the bill per se right away, because this is not a very complicated bill, with its seven or eight clauses. I am more interested in what drives this bill.

In the case of this bill, as with the one on Split Lake, we had to look at what is called the Northern Flood Agreement. This agreement was reached in 1977. It was signed a bit hurriedly, because Hydro Manitoba had started the project seven years earlier. At some point, someone thought: ''Maybe we should reach an agreement with the aboriginals who are claiming these reserves and who live close to the huge project going on''.

So, the Northern Flood Agreement was signed in 1977 by a few parties, namely the Department of Indian Affairs, the Province of Manitoba and the Northern Flood Committee. At the time, the five aboriginal communities had appointed a group to represent them and to speak on their behalf. These communities were Split Lake, which has already reached the agreement regarding which a bill was passed here. Now, it is the turn of York Factory, to be followed a little later on this evening by Nelson House. I imagine the other two communities, Norway House and Cross Lake, are negotiating and have not yet reached an agreement.

So, after signing the agreement in 1977, Hydro Manitoba quickly flooded 11,861 acres of land, or almost 10 per cent of the claimed Cree territory. Environmental studies showed that this measure had a rather disastrous impact on the traditional aboriginal land, including the land used for trapping and hunting.

Let us not forget that we are dealing here with a mentality different from ours, particularly mine. Indeed, I come from an urban setting and, while I enjoy canoeing on the Richelieu River, I am not interested in hunting and fishing as a way of life. The federal government stopped the funding in May, an action that undermined the solidarity that existed between natives and the five communities against the federal government. Obviously, with the demise of the committee, things started to fall apart, and communities began negotiating on an individual basis. But on the aborigi-

nals' side, it must be understood that this is a way of life and an important tradition for them. I have often said that what probably matters most now in our society is a happy marriage between modern life and aboriginal tradition.

So a major portion of their traditional hunting, trapping and fishing activities was destroyed. All along, there were attempts to remedy that with all kinds of committees, but in the end what I will describe to you is not very pretty picture either because you have to see how the government proceeded.

The government proceeded by looking at the main harmful impacts. It looked for a means of arbitration to do it. What was provided for initially in the convention was a form of consensus; it is traditional, among aboriginal people, to try to attain one's goals by consensus. By setting up an arbitration mechanism to decide on all the harmful impacts—which were not even defined as I will explain later on—we ended up with conflict instead of consensus. That was a very bad move.

• (1940)

It must be realized that once a convention is concluded, there should be some current implementation. The aboriginals were relying on the Northern Flood Committee which was looked on as a precursor to bring aboriginal nations together to face up to giants like Manitoba Hydro, the Manitoba government and the Department of Indian Affairs.

So the Northern Flood Committee, in a sense, had an enforcement role for all aspects of the convention. Since there was now someone to ensure the day to day enforcement of the convention, it was quickly realized how important funding was. That is where things started to go wrong. I inform you that the Northern Flood Committee was disbanded in May.

The government managed a breakthrough by slowly isolating the communities. Split Lake was the first to sign, not without a few skirmishes with other communities around these megaprojects. The Indian affairs committee summoned communities who told us they did not like the Split Lake agreement, and that the megaprojects would have an impact on them as well as on the Split Lake community, and that signing the agreement had broken up the five communities' coalition.

The funding ended on April 1st, and the solidarity was undermined. I am not the only one making these allegations. Someone was asked to make a program review as part of the task force on program review. That individual said:

[*English*]

''Internal DIAND reports indicate that from 1977 to 1983 NFA bands received $10,000 per capita in benefits while other Manitoba bands received $26,000 per capita''.

[*Translation*]

The second quotation is much more important.

[*English*]

''If one wanted to emasculate the terms of the agreement and deny the benefits of it to those entitled, all one would have to do is see that the NFC, the Northern Flood Committee, does not function by denying it operating funding or expertise''.

[*Translation*]

By and large, that is what happened. The funding was simply stopped, solidarity disappeared and the communities were trapped into negotiating on an individual basis, with the result we know today.

Let me turn now to the scope and impact of the hydro development project. It is a major project. James Bay, in Quebec, is often talked about because it supposedly devastated the landscape, and disturbed the Cree traditional way of life. I do not deny those problems, but there is always something subjective in such an assessment.

One thing is certain, the Manitoba Northern Flood Agreement project has had major environmental impacts. Concerning river diversions, Hydro Manitoba has diverted up to 90 per cent of the Churchill River into the Nelson. Why? Because the power stations along the Nelson River needed a higher water rate. So the Churchill River was diverted into the Nelson River and that had an impact on Lake Winnipeg.

Extensive work was done in that area. It is understandable that this caused a disruption for the native peoples. The department itself recognizes the adverse effects of this project. As I said earlier, 2,134 square kilometres of land where 10,000 Treaty Crees lived were flooded and some commercial and recreational zones deteriorated.

• (1945)

I talked a little while ago about the hunting and trapping territories. Thanks to their hunting and trapping activities, these people had developed commercial zones that were disrupted by the diversion I have just told you about.

There was a decrease in the quality and quantity of fish, including higher mercury contamination. Of course, when rivers like these are diverted, huge surfaces have to be flooded, bringing out the mercury. And then the food chain becomes more and more contaminated.

Drinking water is contaminated. I will come back to this a little later on. You will see that an extensive infrastructure was needed to stop this drinking water contamination.

There was less and less wildlife to hunt and trap. I think I was very clear on that.

It became more risky to travel by boat because of the lower water level.

It became more risky to travel in wintertime, since it was now impossible to predict how safe the ice was because of the abnormal water levels.

You see, natives who have been living there for 15,000 years know these rivers. They know exactly how to travel in the summertime and the wintertime, by canoe or on foot, on these waterways.

In the wintertime, there is a danger that the ice will melt or that their usual ice bridges will no longer be safe. This was even recognized by the department. These were the department's words, not just mine.

Therefore, through the Northern Flood Agreement, Canada recognized its responsibilities. In fact, you know that section 35 recognizes a certain number of rights, and also authorizes a provincial body to take or to use Indian lands with the consent of the governor in council and under the conditions he sets down.

Therefore, with the bill before us and the Split Lake bill, it was the responsibility of the federal government to act in this manner.

In addition, the Government of Canada undertook to play an active role in implementing measures to ensure the viability of the communities affected. In this regard, I will describe to you a bit later the basis on which the government proceeded. I think that there were certain problems of application on the part of the government as far as any benefit to these communities was concerned.

There was also a great deal of ambiguity in the provisions of the Northern Flood Agreement. What happened was totally bizarre. An agreement was signed, and then, some six years later, given the difficulty of application, it was decided to ask for a legal analysis. A legal analysis six years after the signing of an agreement is almost inexplicable. Furthermore, they hired legal experts to explain the different percentages of responsibility of each of the levels involved. The agreement itself contains close to a hundred pages, and is backed up by interpretation documents of close to two hundred pages which were more or less applied.

Among other things, what is said about the water supply is far from accurate. Reference is made to Canada's obligation to provide a continuous supply of drinking water, and Manitoba Hydro's obligation to bear 50 per cent of the costs.

There is nothing whatsoever about payment schedules, finishing projects, or routing the water. As we speak, Canada has footed the entire bill and Manitoba Hydro has not yet coughed up a single cent. So there are certain problems of application.

The Canadian taxpayers are paying for Manitoba's infrastructures. I must tell you, moreover, that Quebec did not do it this way. Hydro-Québec's commitments concerning James Bay were respected to the letter. Representations were even made to the federal government for it to pay its fair share in Quebec, because there have been several points of dispute recently, including the education of James Bay Cree children. In that case it was the Government of Canada which was defaulting on payments to the Government of Quebec, whereas this time it is the Government of Manitoba which is defaulting on payments to Canada.

• (1950)

So Manitoba Hydro gave nothing and we are even told further down that there was no expiry date to the agreement as such. It is therefore taken for granted that the agreement will come to an end once the five communities have signed. It is nevertheless strange that almost 20 years later, since the agreement was signed in 1977, the relevant legislation is still not completed and there is still no deadline for the Northern Flood Agreement.

Furthermore, there has been many flaws in the implementation of the agreement as such. I raised earlier the issue of consensus versus conflict. It is easy to be full of good intentions at the outset and say that a consensus will be reached. The five communities agree with Manitoba Hydro. They speed things up a bit for the signature of the agreement because they know that work started seven years earlier. They say a consensus will be reached, they sign and there is consensus. Later, they find themselves in arbitration with 150 complaints. We can see, as I have said earlier, that consensus has been replaced by conflict. I believe this was not the intent at the outset but unfortunately the agreement was signed rather haphazardly and many problems ensued.

You cannot even say that problems are resolved today as I will show later when dealing with environmental impacts. People still have to deal with the environmental impacts. There has been numerous allegations of non compliance with the agreement. The issue of damages due to mercury contamination was not specific enough so they decided to quarrel about costs, who should pay, who is responsible and who should do the environmental follow-up. There are also no environmental monitoring mechanisms and reports. There are shortcomings as regards the provision of drinking water and a lack of commitment to corrective measures.

Therefore, even with the contribution of legal experts and legal studies, we are still wondering who is responsible for it, and the problems remain. Furthermore, Canada issued five complaints against Manitoba and Manitoba hydro. Earlier I mentioned the figure of $88 million, which was invested in a system to provide drinking water. The total bill in 1984—and I return to 1984—was $160 million. So the Canadian government has $160 million in claims against Manitoba. I mentioned the figure of $80 million earlier, but the Government of Canada has put a lot more money in this project. In the end, the taxpayers of Canada paid for the people of Manitoba.

Naturally, the auditor general also criticized a number of things I think I ought to raise here. A number of problems arise from the fact that there was no acceptable implementation plan. Among other things, the agreement should have concerned slightly more strategic issues, that is, the priorities and time frames for its implementation. There is nothing like this in the Northern Flood Agreement. Agreements were therefore signed without time frames or priorities. So people began in one place, did not finish and carried on somewhere else. Since there was no time frame, there was no rush. There were certain problems in implementing the agreement. With no implementation plan, problems started to surface.

As for the sources of funding for the various commitments, of course, in the terms of the agreement there were commitments by Canada, by Hydro Manitoba, the Government of Manitoba, the aboriginal people, but there was not enough put down in writing. As a result, there is now a free-for-all involving the various parties to the agreement, and people are coming up against difficulties because no one wants to pay the bills.

The parties did not put in place an appropriate monitoring mechanism, or implementation evaluation criteria or procedure for that matter. So, we ended up with relatively serious problems, that the auditor general condemned on several occasions. He also indicated that there were deficiencies in terms of monitoring as well. There were environmental monitoring groups, among others, checking and looking at the impacts on the environment.

• (1955)

This impact could be seen but, as you know, this type of megaproject requires a rigorously monitored environmental process so we can detect problems that are not necessarily apparent at first sight. There have been many problems in that regard. We realized that a federal interdepartmental committee had been put in place and that various federal departments could consult one another, but that no specific follow-up was provided for.

As for the burden of proof, the parties recognize that the lands, activities and lifestyles of the people living on these reserves may continue to be adversely affected. Manitoba Hydro was responsible for this jurisdiction. Manitoba Hydro has since refused to assume any responsibility, arguing that, because there is no definition of ''harmful effects'', it did not have to pay for the effects that could be considered harmful.

But these harmful effects can be seen. I made a few comments about this earlier. There is the effect of mercury contaminating the food chain. All this led to enormous problems.

I must keep a few arguments in reserve as Bill C-40 will be before us in a few minutes. Bill C-40 is very similar to the bill now under consideration. These two bills deal with two neighbouring communities. Tonight's bill applies to York Factory, and Bill C-40 to Nelson House.

I do not want to go on and on about the agreement as such, but I would like to refer back to it during debate on Bill C-40. There are questions relating to the Northern Flood Agreement that must be raised. It is very easy to draft a bill with eight clauses. However, as the official opposition, we must say that certain things continue to be questionable. The fact that agreements are being reached with the five communities does not mean our homework is done. There are still many things that need to be corrected.

The York Factory bill provides that land currently in fee must not become reserves under section 35 of the Indian Act. I will tell you about it in other speeches, but for each acre used, four are given back. Based on my information, the process is not yet completed, but we must make sure this land is not turned into Indian reserves.

The bill also provides that the amounts paid will not be paid to the crown as stated in the Indian Act, but to an aboriginal trust. We fully agree with that. I remember making a speech on Split Lake and saying that the aboriginals were not people living on some southern islands. This was in response to what a Reform Party member had said. Personally, I believe aboriginal people are quite capable of being responsible for a trust.

When these people gain financial independence, they develop their own businesses and they certainly do not need the authorization of the Department of Indian Affairs to build a house or a school. It is incredible to see what happens on a reserve when aboriginal people become financially independent.

Last summer, I visited a reserve called Les Escoumins, in Quebec. Its people developed a beautiful hotel complex on the shores of the St. Lawrence River. During the summer, it is packed with tourists. There are also several outfitting operations. In my opinion, with this money, they are developing one of the most beautiful reserves in Quebec. They are even ready to expand and to purchase private land.

Once financially self-sufficient and no longer subject to the Indian Act, natives can manage on their own with remarkable results.

• (2000)

Under this bill, Canada can also use the Manitoba Arbitration Act to settle all disputes. I was unable to study the issue further. I imagine the Manitoba Arbitration Act must be a model for arbitration. If York Factory and the government agree to ask Manitoba to act as a mediator, under the Manitoba Arbitration Act, the situation must be appropriate and the work done by this agency properly evaluated.

I conclude on this, because I will have to come back later—as will my hon. colleague, I guess—on Bill C-40. The Bloc Quebecois members will vote in favour, even if they know that the agreement was ratified by the York Factory representatives last December, I think. It was ratified recently. We must pass the enacting law. Since everything has been concluded to the satisfaction of both parties, York Factory and the federal government, the Bloc Quebecois will vote for Bill C-39.

[*English*]

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I will be presenting the Reform position on Bill C-39, the York Factory flooded land act and Bill C-40, the Nelson House flooded land act, on behalf of my colleague, the member for North Island—Powell River.

We are here today to debate the second and third in a series of five bills dealing with reserve land that belongs to five First Nations in northern Manitoba which were flooded in the 1970s.

In June 1994 we debated the first bill in this series, Bill C-36, the Split Lake Cree First Nation Flooded Land Act. Bill C-36 was an enlightened agreement dealing with outstanding native grievances and it received support from the Reform Party. Bills C-39 and C-40, while dealing with similar subject matter, are unique to the York Factory and Nelson House First Nations and require some comment.

In the 1970s hydro related projects on the Nelson and Churchill rivers, along with the Lake Winnipeg regulations project, flooded almost 4,800 hectares of reserve land belonging to the five First Nations in northern Manitoba. In addition, more than 208,000 hectares of non-reserve land traditionally used by First Nations members for hunting and trapping were also flooded.

To address the impact of flooding, the Manitoba Northern Flood Agreement was signed by Canada, Manitoba, Manitoba Hydro and the northern flood committee made up of the five Manitoba First Nations: the Split Lake Cree, Nelson House, York Factory, Norway House and Cross Lake First Nations. The agreement included financial compensation, community infrastructure programs and new land acquisition.

Over the intervening years, implementation of the northern flood agreement broke down because the roles and responsibilities of the parties were not clearly defined and the agreement did not anticipate the complexities of concluding such agreements. In 1990 the parties to the northern flood agreement negotiated a proposed basis of settlement. This provided the foundation for negotiating implementation agreements with the five individual native bands.

Allow me to deal with the objectives of Bills C-39 and C-40 which are before us. They are identical in scope and focus but not in compensation. The bills contain four basic elements which my colleagues have touched on.

The first element is to provide that fee simple lands are not subject to becoming special reserves under sections 35 and 36 of the Indian Act.

The second element is to provide that moneys allowed under the York Factory implementation act and the Nelson House implementation act are now payable to the crown as Indian moneys as defined in section 35(4) of the Indian Act, but are administered by a First Nations trust.

The third element is to provide that the claims which may be made under either the northern flood agreement, the York Factory implementation agreement or the Nelson House implementation agreement be administered according to the terms of the applicable implementation agreement.

The fourth element is to enable Canada to utilize the Manitoba Arbitration Act when dealing with any dispute between the parties submitted to arbitration under the terms of the York Factory implementation agreement or the Nelson House implementation agreement.

• (2005)

Both bills are comprehensive and limit federal liability to their normal fiduciary responsibility. Ongoing or unanticipated future liability is placed upon the project proponent, Manitoba Hydro. Essentially the Government of Canada should never have signed such a loose agreement back in 1977 to cover these flooded lands and then foisted it on to the five affected bands.

However, we now have enlightened legislation before us and it is time to move on as we did on Bill C-36, the Split Lake Cree First Nation, and as we will probably do in a year or two with the two remaining flooded land bills dealing with the Cross Lake and Norway House First Nations.

One very comprehensive element of these bills is that settlement moneys will be administered by a trust company to guarantee accountability. To compensate these two First Nations for loss of reserve land, the federal government will contribute approximately six and one-quarter million dollars to the York Factory First Nation and about fifteen and one-quarter million dollars to the Nelson House First Nation.

Both the Government of Manitoba and Manitoba Hydro will make additional contributions of land and money. The province of Manitoba is particularly satisfied with the agreements. In conversations with the ministers and officials, my colleague from North Island—Powell River is satisfied that the deals are fair and just and that the five First Nations have been patient and realistic in their negotiations.

Bill C-39 and Bill C-40 will allow fee simple lands to be held by the respective native corporations outside the normal encumbrances of the Indian Act. The fee simple lands are subject to property taxation and any business originating from these lands is also taxable. Allowing these lands to be used for economic development purposes is both enlightening and allows for new independence of these First Nations.

Bill C-39 and Bill C-40 enable the individual band members to appeal under the Manitoba Arbitration Act if unsatisfied with their own band decisions which affect them. Naturally these agreements have received band ratification. The province of Manitoba is comfortable with these agreements and is promoting them.

As my colleague from North Island—Powell River said in his concluding remarks in second reading debate on Bill C-36, we are dealing with legitimate outstanding grievances. Bill C-39 and Bill C-40 are mirror images of Bill C-36, which passed a year ago, in scope and intent. Consequently, the Reform Party supports them. There are some finer points which may be clarified and elaborated on. However, this will best be done in committee.

[*Translation*]

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

Some hon. members: Question.

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

Some hon. members: Agreed.

The Deputy Speaker: I declare the motion carried. Accordingly, the bill is referred to the Standing Committee on Aboriginal Affairs and Northern Development.

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

* * *

[*English*]

NELSON HOUSE FIRST NATION FLOODED LAND ACT

Hon. Jane Stewart (for Minister of Indian Affairs and Northern Development) moved that Bill C-40, an act respecting the Nelson House First Nation and the settlement of matters arising from an agreement relating to the flooding of land, be read the second time and referred to a committee.

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.): Mr. Speaker, I am pleased to address the House on Bill C-40, the Nelson House First Nation flooded land act which is almost identical to Bill C-39 and to which my colleague from Churchill spoke so eloquently a few moments ago.

By voting in favour of Bill C-40 we can address the longstanding and contentious issue of implementing the northern flood agreements for the Nelson House First Nation. In turn, the community can begin to build for the future instead of constantly working to have past wrongs corrected.

• (2010)

The hydroelectric plants on the Churchill and Nelson rivers are important projects that have brought many economic benefits to the province. Unfortunately they have also had a significant and lasting impact on the lifestyle and livelihood of thousands of First Nations people in northern Manitoba.

The flooding caused by the diversion projects deprived many aboriginal communities of their traditional fishing, gathering, hunting and trapping areas. The flooding also disrupted or destroyed traditional water transportation routes and shoreline access points.

In many cases personal property and community infrastructure were damaged or destroyed. At the same time the bands received few jobs or other benefits from the hydro projects. The northern flood agreement was a well intentioned undertaking to resolve the many problems and grievances of people living in the affected First Nations communities. It contained provisions for cash compensation, land management, resource development, community infrastructure, navigation and so on.

Unfortunately, for various reasons the northern flood agreement did not meet expectations. That is why the parties undertook to negotiate band specific implementation agreements. That is why we have these two bills before us today. It is time to address these matters on behalf of the Nelson House First Nation which is asking only that Canada, Manitoba and Manitoba Hydro live up to their northern flood agreement commitments.

The Government of Canada has a clear obligation, as do the other parties to the northern flood agreement, to help the communities to cope with the impact of the flooding. We are endeavouring through the implementation agreement and this legislation to ensure that those obligations will be dealt with once and for all in a manner that respects the letter and spirit of the agreement.

It is clear the purpose of the proposed act is not to enforce the Nelson House implementation agreement. The purpose is to exempt certain aspects of the agreements from provisions of the Indian Act relating to land and Indian moneys, provisions that have the potential to impede implementation of the agreements as intended. We are all well aware the Indian Act is an outdated piece of legislation. This act will give the Nelson House First Nation the opportunity to escape some of its burdensome provisions.

The proposed act will also allow Canada to use the Manitoba Arbitration Act in relation to the northern flood agreement. Finally, it will ensure that certain types of claims can still be made against Manitoba Hydro and that the adjudication process set out in the implementation agreements will take precedence over the process set out in the northern flood agreement.

Great care has been taken to ensure that the proposed act is not prejudicial to the other northern flood agreement First Nations. In fact Bill C-40 has been drafted in such a way as to preclude it from affecting any First Nations except the one named in this bill. We are not, and I must emphasize this point, undermining the northern flood agreement. We are simply establishing implementation processes that will better achieve the intended results of this agreement.

I also want to stress that the negotiation of band specific implementation agreements has been completely optional. All three First Nations that have implementation agreements, as well as the two that are currently involved in negotiations, have the option of continuing to implement the northern flood agreement without these agreements.

These First Nations are satisfied, as is the government, that this new approach offers the best chance for success. Although there will always be some opposition to change, the prevailing mood in the affected communities appears to be in favour of moving forward quickly and effectively. These commitments have waited long enough. Hon. members should be aware that community consultation meetings were held in both the Nelson House and York Factory First Nations throughout the respective negotiations. The consultation process was an integral part of the implementation agreements. The leaders of these two First Nations were also consulted on the content of these bills. They support the bills and are eager to see the House proceed as quickly as possible.

● (2015)

It is worth noting that virtually all of Canada's obligations under the Northern Flood Agreements have been fulfilled. The implementation agreement signed with Nelson House earlier this year provides for a final release regarding Canada's obligations.

A good part of Canada's responsibility under the agreement was to ensure that the five reserve communities have a continuous supply of potable water. This has required an investment of more than $88 million by the government. Today I am pleased to report that all houses in both the York Factory and Nelson House communities are served with potable water.

Canada has also met its obligation under the Northern Flood Agreement, supporting the development of comprehensive community development plans contributing to the Nevanun Economic Development Corporation and sponsoring the five-year federal ecological monitoring program.

The outstanding obligations under the Northern Flood Agreement are primarily shared by Manitoba in terms of providing land to the affected First Nations and Manitoba Hydro with respect to restitution for the adverse effects of the hydroelectric project. Further action by these parties is provided for under the band's specific implementation agreements.

For example, Manitoba Hydro will continue to be liable for personal injury and death caused by or attributable to the project. As well, the utility will be responsible for safe operation of the water regime in the Nelson House and York Factory communities.

In regard to the latter obligation, Manitoba Hydro is required to provide written forecasts of the anticipated static water level for the current and succeeding month, complete with details on anticipated changes and the estimated amount of change. These monthly forecasts must also be broadcast by Manitoba Hydro over a radio station that provides service to these communities.

For its part, the province of Manitoba is required to provide provincial crown land to the First Nations to replace their flooded lands.

Approximately 53,000 acres will be set aside for the use and benefit of the Nelson House First Nation under the terms of its implementation agreement. Much of this land will be added to the First Nation's existing reserves. In fact, the Department of Indian Affairs and Northern Development has already initiated the additions to reserve process to effect the transfer of these lands. However, as has been mentioned, some lands will also be held in fee simple title.

The First Nation will establish a corporation to hold its fee simple lands on behalf of the band. The corporation will issue one common share which will be held by the chief of the band in trust for all members. The chief is required to sign the declaration and acceptance of trust.

Under the terms of the implementation agreement, fee simple lands can be sold by the band subject to certain requirements. For example, a public meeting must be held to explain any transaction and to make decisions about the disposition of proceeds. The fee simple lands will be subject to property taxes at the discretion of the province of Manitoba.

The implementation agreement will also provide the Nelson House First Nation with fair and reasonable financial compensation. Nelson House will receive a federal contribution of $15.25 million. The province of Manitoba and Manitoba Hydro, through a combination of cash, bonds and forgivable loans, will contribute the remainder of the package which will total over $65 million for Nelson House. These funds will be paid out over several years. They are to be used for a wide range of purposes, including

socioeconomic development, resource harvesting, compensation and remedial works. They will in no way affect the First Nations normal programming.

• (2020)

When past expenditures are taken into account, it might appear that Canada is providing the largest share in implementing the Northern Flood Agreement. However, other obligations in the implementation agreements, such as an enhanced land package by Manitoba, the continued responsibilities of Manitoba Hydro for personal injury and death, and an obligation to provide additional compensation if the established water regime is exceeded, are significant and have not been costed.

Each First Nation will establish a trust fund to hold and manage the compensation moneys. I want to assure hon. members that these trusts will be administered according to generally accepted accounting principles and provincial trust laws.

The trust provisions of the implementation agreements have been carefully drafted to satisfy the immediate compensation concerns of people who have suffered as a result of the hydroelectric project while ensuring that moneys will be available to meet the needs of future generations.

Hon. members should also be aware that the implementation agreements give off-reserve members access to compensation through these trust funds.

The Nelson House and the York Factory First Nations will continue to provide the Department of Indian Affairs and Northern Development with audited financial statements on an annual basis. As well, the trust indenture, which is a companion document to each implementation agreement, requires that an annual report of the respective trust's business be provided to all parties.

I would like to take a moment to update hon. members on the status of negotiations with the two remaining Northern Flood Agreement First Nations: Cross Lake and Norway House.

In the case of Cross Lake, a memorandum of understanding was signed in December 1993, followed by the signing of an interim implementation agreement in June of 1994. Formal negotiations between the First Nation, Manitoba, Manitoba Hydro and Canada were in abeyance during much of 1995 pending development of a realistic work plan and budget consistent with the federal mandate. I am pleased to report that preliminary discussions resumed on a four-party basis earlier this year.

A memorandum of understanding and an agreement in principle have also been signed with the Norway House First Nation. In December 1995 a group of Norway House members sought and received an injunction to suspend negotiations. However, this injunction was vacated in early 1996 and discussions have since resumed with Norway House.

Returning to the business at hand, this bill is clearly in the best interests of the Nelson House First Nation. It is also in the best interests of Canada and Canadian taxpayers.

The proposed act will not impose additional obligations on Canada, but rather will ensure that the government lives up to commitments which have been made to the First Nations.

I urge my hon. colleagues to recognize the many benefits of this short and simple act and to support it at second reading so that it can proceed quickly through the House.

[*Translation*]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I said earlier that I would talk some more about the dissension created by the Northern Flood Agreement.

• (2025)

My hon. colleague just explained in English all the positive aspects of this agreement, but as the official opposition, we often have to point out some facts that are more or less accepted by the people involved.

I had begun by making some cautionary remarks and I have to continue, even if we are, in fact, supporting Bills C-39 and C-40. There are still some inexplicable steps in this process. I was addressing the environmental issues earlier on and I could have gone on and on, because they apply to York Factory as well as to Nelson House. So, I will focus on Nelson House, but everyone should understand that my comments apply to all five nations concerned here.

Throughout the flooding, various committees had their hands full with what I call crisis management. Every time a specific environmental problem was noted, either by the government or the first nations, joint, tripartite or bilateral committees were set up, but these people never got adequate financial support. They did their work only to realize that there was no follow-up. That was decried by the auditor general and led directly to an arbitration procedure, because no consensus could be reached. So, the problems kept resurfacing and always led to arbitration, which was a time-consuming, very slow and frustrating process.

Some of the studies even referred to the submission of annual reports to each band. And on that specific issue, the auditor general indicated that no annual reports were ever submitted. Even worse, for the Nelson-Churchill diversion project I mentioned, there was no global environmental impact assessment. Thus, crisis after crisis had to be managed. They decided to divert first and then see what the impact on the environment would be. Since then, commit-

tees have been created and abolished at the end of their mandate, resulting in arbitration and the resulting red tape.

My colleague also talked of the water supply system. Indeed, the whole thing disrupted the water consumption habits, and there was almost no drinking water any more. Thus, the government had to help these communities, at a cost of $88 million, as the hon. member also mentioned. He may not have said that the bill that was supposed to be paid by the province of Manitoba was not and that there may be still discussions or even court proceedings to get Manitoba to pay its dues to Canada.

It must be understood that the system is composed of a drinking water system and a water distribution system. Approximately 1,500 dwelling units are served. Then it is not surprising that the whole project cost around $90 million for the five communities, which are rather far from each other. So the water distribution system that was built to compensate the loss of drinking water resulting from this project was extremely costly.

I have also briefly talked of the land exchange and I want to come back to this issue. It had been agreed that for each acre of damaged or flooded land, governments shall make compensation of four acres of land. So far, and maybe my colleague did not point it out strongly enough, only 10 per cent of the land has been given. Therefore, there are problems here also.

The initial agreement provided for a 1:4 compensation, and not even 10 per cent have been given yet. Even though an agreement still has to be negotiated with two more bands, I do not think we will reach this famous 1:4 compensation and it is a pity for aboriginal people because—and I do not want to talk about it again as I explained it when I spoke about York Factory—the land submerged was extremely well-stocked in game and were important for the traditional way of life of the aboriginal people. I do not think they will get equivalent land.

• (2030)

The initial agreement also contained community development plans, since people probably had to move because of the flooding of their land, which somewhat disrupted their way of life. Some community development plans must have been devised to help the people restructure their life and their traditional way of life. The environment in which they had lived for centuries was completely shattered. Therefore, a certain amount of support was needed. Community development plans were drawn up. Unfortunately, there was no follow-up to these plans. Even the auditor general condemned it in no uncertain terms in the documents that I have here. The auditor general said that the governments did not respect all of their commitments, since they were to draw up community development plans and ensure a continuous follow-up to make sure that the dislocation could be controlled by the community as a whole.

Nobody mentioned the price to pay, but I estimated the costs of the measure, not the costs already incurred, but the total cost of the agreement. I added up the costs of the Nelson House agreement and the York Factory agreement. They are not negligible. The federal government will contribute to help clean up this ecological disaster and compensate for the displacement of native communities. Its share of the compensation package will amount to $21 million. Manitoba's share will be about $19 million and Manitoba Hydro will pay $2.5 million, but will also give $54 million worth of Manitoba Hydro bonds, payable according to a schedule the details of which I will spare you. It seemed important to mention the costs of the operation.

I am talking here about the costs from implementation date, from the day of the signature. The meter is already ticking. But the whole cost to the environment must also be added, including the $88 million water supply system I mentioned earlier. This adventure is costing a lot to the governments of Canada and Manitoba, but probably even more to the native communities whose life has been disturbed.

I think it was appropriate for the opposition to set the record straight. Government members always insist on the positive aspects of a situation and say that everybody is very happy. But when we start looking into it, we see that this not the case. I did not hear anything to this effect from my friends from Churchill and Pontiac—Gatineau—Labelle. I did not hear my colleagues mention the criticism and the complaints expressed by the native people. We did hear criticism and complaints from people who came before the Indian affairs committee, but my colleagues made no mention of that in their speeches. The legislation before us is not entirely positive; there are a lot of negative aspects that I had to point out.

However, as I said earlier, in York Factory as in Nelson House, Split Lake, Norway House and Cross Lake, from the moment these bands were separated from one another and the solidarity that united them was broken, they were forced to negotiate one by one with the government. It was David against Goliath and, in this case, Goliath won.

We cannot object to the fact that agreements were reached and ratified, often through a referendum, by these native communities. So, we feel we really do not have much of a choice but to agree, because we cannot vote against it, and have the negotiation process start all over again. But I do think the communities have been made vulnerable and did not have a choice. Any resistance on their part would have involved years, decades of legal wrangling they could really not afford. They had to sign these agreements, with all the inherent dissatisfaction and bickering.

The Bloc Quebecois will be supporting both Bill C-39 and Bill C-40.

• (2035)

[*English*]

Mr. Bill Gilmour (Comox—Alberni, Ref.): Mr. Speaker, I will be very brief. Bill C-39, which we debated about an hour ago, and Bill C-40, which we are debating at the moment, are mirror images of each other. The only differences are that they deal with two separate bands and the amounts of compensation are different.

As with Bill C-39, the Reform Party will be supporting Bill C-40.

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

Some hon. members: Question.

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

Some hon. members: Agreed.

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

* * *

INCOME TAX CONVENTIONS IMPLEMENTATION ACT, 1996

Hon. Jane Stewart (for the Minister of Finance, Lib.) moved that Bill C-37, an act to implement an agreement between Canada and the Russian Federation, a convention between Canada and the Republic of South Africa, an agreement between Canada and the United Republic of Tanzania, an agreement between Canada and the Republic of India and a convention between Canada and Ukraine, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, be read the second time and referred to a committee.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to rise today and urge the House to give speedy approval to this legislation.

The bill I am presenting today culminates some ongoing work of the last many months. It is legislation which does not generally command great public attention. However, it is legislation that does promote fair taxation and good international and trade relations.

The purpose of Bill C-37 is to implement reciprocal tax treaties between Canada and Russia, Canada and Ukraine, Canada and South Africa, Canada and Tanzania, Canada and India. These five tax treaties, each of which is based on the OECD model tax convention, have two main objectives, to eliminate double taxation on income tax and to prevent income tax evasion.

While this bill may not spur great public attention, let us not diminish the importance of tax treaties and their benefits. It is treaties such as the ones I am presenting today that are incorporated in this legislation which encourage certainty and stability between international tax regimes and which enable the expansion of trade and investment.

It is worth making special note of the treaties with Russia and Ukraine. Given the political shifts in that area of the world in the late eighties and nineties, it is more than timely that we abandon the 1985 Canada-U.S.S.R. tax treaty and adjust tax relations with these countries to ensure renewed and important economic relationships.

The tax treaties I speak of today eliminate or alleviate double taxation in instances where international transactions are involved that may give rise to the same income being taxable in the hands of the same person in more than one nation. They also enact measures that counter income tax evasion in international transactions. This ensures those nations rightfully entitled to much needed income tax revenues will receive full compensation.

I also wish to remind the House the treaties enacted by the bill are the latest in a longstanding process of renewing or evolving our tax conventions with newly emerging nations. The major reform of Canada's income tax legislation in 1971 required Canada to expand its network of double taxation conventions with other countries.

Before I review the main elements of these new tax treaties, I wish to put to rest any revenue concerns that may arise as a result of these treaties. Simply put, the concessions contained in the five conventions should not result in any revenue loss for the Government of Canada. On the contrary, Canada should benefit from the reductions in various withholding tax rates and other concessions which have been ceded by the five countries concerned and from increased trade and investment resulting from the successful conclusion of these treaties.

• (2040)

There are some in the House who would at the very mention of tax treaties suggest that what we are talking about is an opportunity for tax evasion. What we are talking about is an opportunity to foster investment and the free movement of capital and people.

Allow me to outline the key features of Bill C-37 which provide equitable solutions to the various problems of taxation between Canada and certain international partners.

The treaties provide generally that dividends may be taxed in the source country at varying maximum rates. In Russia, Ukraine and South Africa this maximum rate will be 15 per cent. In the United Republic of Tanzania the maximum rate will be 25 per cent. For India the 1985 agreement with Canada set maximum rates of 15 per cent on direct dividends on interest and 25 per cent on other dividends. These rates will remain unchanged.

In the case of inter-company dividends the rate is often reduced if the company receiving the dividends holds a certain equity interest in the company paying the dividends. Such a reduced rate has been set at 5 per cent in South Africa and Ukraine, 10 per cent in Russia and 20 per cent in Tanzania.

Part of the main thrust behind the treaties is to ensure companies are unable to lower taxes by merely establishing branches in Canada or other countries. To accomplish this, branch tax rates have been set parallel to the rates for inter-company dividends.

Regarding interest paid by a resident of one country to that of another, the rate set out in the bill is 10 per cent in the case of Russia, Ukraine and South Africa and 15 per cent in the case of Tanzania. There are, however, some exceptions.

Maximum rates on interest paid on a bond or similar obligation by the national government will be reduced to zero in all participating countries. As well, these treaties contain a provision that will extend a zero rate of taxation on interest paid on loans or credits extended, guaranteed or insured by certain state entities in the source country. In Canada that would include the Export Development Corporation.

These treaties also address the taxation of royalty payments. They provide for a general rate of source taxation of 10 per cent in Russia, Ukraine and South Africa and 20 per cent in Tanzania. The rate in India will be reduced within five years to 10 per cent or 15 per cent depending on the types of royalties.

The treaties with Russia, Ukraine and South Africa have gone further to recognize the world's borders are very much impacted by the information highway. South Africa has reduced the withholding tax on royalties for computer software to 6 per cent. Russia and Ukraine have eliminated these completely.

Pensions are also dealt with in these treaties. For example, in the case of Russia, Ukraine and India pensions and other similar payments will be taxable only in the source country. South Africa will deviate slightly by stipulating that pensions will be taxable in the source country with no limitations. In this instance the country in which the recipient resides will provide a credit for the taxes paid in the source country.

In Tanzania pensions and similar payments arising in one country and paid to a resident in another may be taxed by both countries. However, the tax rate of the country of source will generally be reduced to 15 per cent.

In summary, the five tax conventions contained in the bill provide mutually beneficial solutions to many of the taxation stumbling blocks that exist between Canada and our international partners. The countries I have mentioned are preparing to implement the bilateral convention as soon as possible.

I remind hon. members of the important role tax conventions play in fostering investment into Canada and out of Canada into other countries, such as the ones which are the subject of this bill, and also in fostering and promoting the fair treatment of taxpayers and ensuring taxes are collected. I commend the bill to the House and urge its speedy passage.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am always pleased, even at so late an hour as this, to speak on a bill as important as Bill C-37, an act to implement tax treaties signed between Canada and Russia, South Africa, Tanzania, India and the Ukraine.

● (2045)

Contrary to what my colleague said earlier, it is inaccurate to say that most opposition members are opposed to the signing of tax treaties. On the contrary, we encourage the signing of tax treaties between Canada and the United States. Why? Because it is in our interest to see Quebec and Canadian businesses pay tax only once, and not twice. This is how double taxation is avoided, by signing tax treaties setting out rules for the treatment of the income of businesses, and even of individuals and of Canadian diplomats versus foreign diplomats. It is to Canada's credit that it signs these treaties.

Where it does not work, and we have always been clear on this, is when tax treaties are signed or when there is an attempt to avoid adopting rules with countries with much lower rates of taxation than Canada's. This no longer works, because by various subterfuges, by various ruses, companies with branch plants in so-called tax havens can apply the lower rates of taxation in these countries to the detriment of the taxes they would normally pay to the federal government.

As it happens, in the case of the treaties in this bill, none of the five countries has tax rates appreciably different from Canada's with respect to business profits.

Let us take the example of Russia. The Russian Federation taxes profits at around the 13 per cent level, while the federated states have rates ranging from 9 to 25 per cent. In other words, the combined rates of the federated states and the federation total between 22 and 35 per cent, which is more or less comparable to the Canadian range of 32 to 40 per cent.

Looking at South Africa, we have no recent information for business taxes, that is to say for 1996, but in 1995—as of March 31 1995, to be more precise—the corporate tax rate was 35 per cent in South Africa.

The same thing goes for India. The Indian corporate tax rate is 40 per cent, with a 15 per cent surtax if the taxable income exceeds 75,000 rupees, or $3,200. Not only is the Indian taxation rate not lower than Canada's, it is in fact higher.

Looking at Tanzania, the standard level of taxation on profits is around 30 or 35 per cent.

Finally, with respect to the tax convention signed between Canada and the Ukraine, until 1992, the last year for which figures were available, the tax on business profits in the Ukraine was 35 per cent. There has been a recent revision downward to between 20 and 28 per cent, a bit less than in Canada, but still far from the differences that sometimes occur between countries that are considered tax havens—with a rate between 2 and 3 per cent—and Canada, with a theoretical level of 40 per cent.

There is no problem in this area, then, but there is in some others. I take the opportunity provided by this analysis of Bill C-37 to remind the government that it signed in the past tax treaties with countries that are considered real tax havens and that each year hundreds of millions, if not billions of dollars go through these countries and are lost to Revenue Canada because of the ridiculously low tax rates in effect there. Furthermore, since these businesses are taxed only once on their incomes under these tax treaties, they obviously use various means to have their profits taxed at a ridiculously low rate.

They bring these profits back to Canada tax free and in so doing, save between 35 and 38 per cent on their taxes every year. Despite all the efforts made by the federal government in previous years, there are still eleven countries having signed tax treaties with Canada that are considered tax havens. The main ones are Barbados, Cyprus, Malta and even Switzerland.

• (2050)

Eleven other countries provide exemptions that considerably reduce their level of taxation in order to achieve certain economic and commercial objectives. With these countries, which include Barbados, Ireland, Malta and the Netherlands, Canada has to bang its fist and make it clear that, where conventions exist, they must be honoured. For conventions to be honoured, rates of taxation must continue to be comparable and not variable according to the whim of the countries signing these conventions.

The difference is considerable, and it seems to me that being in a country like ours, which is facing financial difficulties, we cannot turn our nose up at the hundreds of millions of dollars in additional tax revenues that might be created if the federal government corrected the discrepancies in the tax conventions and other agreements it has with other countries which have extremely low rates of taxation.

Let us look at three countries. First, Barbados. It taxes business profits at the rate of 2.5 per cent. This is some 36 percentage points less than the rate in Canada.

The rate in Switzerland is less than 10 per cent. We have tax conventions with both these countries. Their rate of taxation is not comparable to ours, and that is where the rub lies in tax conventions. This is not the principle of tax conventions, which is a good one. Tax treaties are both desirable and necessary.

However, they must be concluded with countries whose tax rates are comparable, otherwise a correction factor is necessary when profits are brought back after being taxed in those countries at reduced rates.

In a third country, the Bahamas, the ideal tax haven, the cream of the cream, tax rate on profits is 0 per cent. In other words, a Canadian business with subsidiaries in the Bahamas could make profits, not be taxed whatsoever there, and bring those profits back to Canada totally free of taxes.

I am still referring to a Canadian business, a business controlled by Canadian residents who normally should pay what is owing to Revenue Canada. But instead we are losing money because of the difference in tax rates between Canada and countries considered as tax havens. We are losing money and the fault is ours, in other words. For two years and a half, we have been asking the government to do something. Why did they not do it? One wonders.

Tax havens are becoming so popular that some very well known companies in Canada are taking advantage of these loopholes. Take the six major Canadian banks, for instance. Do you know that the subsidiaries of the six major Canadian banks—half the 119 subsidiaries they have outside Canada—are located in the Caribbean? Fifty-seven subsidiaries of the six major Canadian banks are located in the Caribbean, which is not known for its high population density.

It is strange that Canadian charter banks have half their subsidiaries in the Caribbean. There must be a reason. It happens that the countries considered to be the most generous tax havens in the world are in the Caribbean.

The same thing applies in the Cayman Islands, a famous tax haven: there are 28,000 businesses there, 28,000 corporations, most of them branches of Canadian, American or Japanese firms—28,000 firms for 30,000 inhabitants. It is permitted to imagine reasons for that. The 30,000 people in the Islands certainly do not hold all the shares of these 28,000 firms.

The 16,000 corporations established in Turk and Caicos Islands are also said to be held by Canadian interests.

• (2055)

There is a reason for that and it is the fact that Canada is signing tax conventions with various countries. It does not care about taxation levels and, when there is no convention as such, there is nothing else. Consequently, when Canadian corporations make profits in these countries, they make up for the difference between

their absurdly low taxation level and the level in Canada which is about 40 per cent.

This is quite something. People think only little amounts are involved and that this is why the government does not bother to remedy the situation, but the government knows perfectly well that these are huge amounts, tremendous amounts. But the government keeps on turning a deaf ear to our cries.

In 1990 alone, investments outside Canada amounted to $92 billion. I do mean $92 billion. These corporations, which are investing abroad, received $4.2 billion in dividends from foreign subsidiaries.

Some of this $92 billion found its way into countries considered as real tax havens. For instance, according to the auditor general, $5.2 billion was invested in Barbados at a maximum tax rate of 2.5 per cent, as I mentioned before. Barbados corporations paid Canadian corporations $400 million in dividends, probably tax exempt. We are not talking about peanuts here.

Moreover, the Auditor General points out another case, where $10.9 billion was invested in Cyprus, Ireland, Liberia, the Netherlands and Switzerland, countries which are all considered to be tax havens. Over $200 million in dividends was paid out to Canadian corporations by corporations in those countries, probably without paying anywhere close to the taxes they should have if we had had proper tax conventions with those countries.

When we brought this to the government's attention, about two and a half years ago, they said that we had to be careful because if we were too strict, too restrictive, we would be less competitive internationally. With the globalization of markets, the opening of borders, the disappearance of barriers, our planet has become a great big village and soon we will be conquering the universe. Every time we raised this issue, the government said that we had to be cautious because if we were too strict, these assets would leave Canada. If our tax conventions were too rigid or if we came to other arrangements with countries considered to be tax havens, it would be detrimental to the international competitiveness of Canada, its capacity to attract foreign investments, to keep them and to ensure there would always be direct foreign investment in plant construction and job creation in Canada. In other words, our millionaires would go elsewhere.

The United States is our main competitor in North America. The Americans implemented a tax measure a long time ago. Since they could not control inflows and outflows, as is the case in Canada, they decided to impose an American tax rate on all profits made by American corporations abroad. They chose to literally tax these profits. But they looked at the taxes these same American corporations were paying to other countries, for profits made abroad, and granted a tax exemption for these taxes.

In other words, the Americans make sure that U.S. corporations pay taxes on their profits, they check on a case-by-case basis what amount each corporation has already paid to another country and then subtract one from the other. It all seems very logical to me. As we say, you do not have to be a rocket scientist to understand these principles. You pay 2 per cent somewhere when the rate here is 40 per cent. When you bring back your profits, you will have to pay the difference, that is to say 38 per cent, because you will be allowed a 2 per cent deduction for what you paid in the other place. Therefore, you will end up paying the same as every national business.

● (2100)

It seems to me that it makes sense. And that is what the United States is doing. We cannot say that Americans are socialists. You cannot say that Americans treat their businesses and corporations casually. You cannot say that the United States is not a paradise for private business. We have high officials here who can influence decision makers because, on the Liberal side, they are easily influenced, by telling them that they have to watch out not to mistreat businesses because if they do, they are going to move away. Well, let us be serious. When we are in a situation like the one we are experiencing in Canada now, it seems to me that we should take advantage of every opportunity to close loopholes, and these are big loopholes.

The other way to collect what we should normally collect is to revise the tax conventions with the countries I was mentioning earlier. We know these conventions. We know that they are signed with countries which have a much lower tax rate than ours. We have to revise these conventions. It is easy. You just pick up the phone, call the representative in that country, redefine the provisions and tell him that it is not because we do not like his country, but because it is not normal, that otherwise we would have a capital drain due to the ridiculous taxation level in countries like his. Either you revise by tearing up the tax convention or you revise through a compensation mechanism which would make profits go from that country to Canada where they would be suitably assessed and where tax money would come into the government coffers.

As I was mentioning, Bill C-37 deals with income tax conventions that have been signed between Canada, Russia, South Africa, Tanzania, India and Ukraine. This is finally an example of what should be used as criteria of comparison. These are income tax conventions that have already been signed between Canada and certain countries that are considered as tax havens. Taxation rates are fairly similar or, at least there is not a major difference, as in countries such as the Bahamas, for example. The conventions, or the tax treatment given by Canada and by these countries, seem fair, unless we did not do our work well.

Finally, the offical opposition will support Bill C-37, but in hoping, as I was mentioning to you earlier, that the federal

government will review, as we have been asking it to do for two and a half years, the eleven income tax conventions that have been signed with countries that are considered as tax havens. Second, the government should think about our proposal to establish a mechanism like the one that exists in the U.S., which would allow us to compensate for future losses, like the current tax losses, because the differences among the countries that do business with Canada are too great.

As I was saying, the U.S. has done a great job on this. It taxes at the American rate and manages to give deductions to the businesses that have already paid 2 or 3 per cent in the Bahamas, Cyprus, Malta or elsewhere in the world.

This is one option we could seriously consider because, as I say on a regular basis, Canada trails behind several industrialized countries in this respect. Canada also lags behind other countries' innovative, original business tax practices. I think the time has come for the government to wake up.

[*English*]

Mr. Leon E. Benoit (Vegreville, Ref.): Mr. Speaker, Bill C-37 is designed to implement income tax conventions that have already been signed with Russia, South Africa, Tanzania, India and Ukraine.

Tax treaties such as these have two main objectives: first, the avoidance of double taxation; and second, the prevention of tax evasion or avoidance. Since they contain taxation rules that are different from the provisions of the Income Tax Act they only become effective if an act giving them precedence over domestic legislation is passed by Parliament.

• (2105)

The conventions and protocols in the act are patterned on the model double taxation convention prepared by the OECD. This act sets out a system of taxation protocols and conventions with nations that previously had no such conventions with Canada.

The act is designed to eliminate double taxation whereby an individual is taxed on income in his home country as well as in another country, and to restrict the ability to evade taxes by shifting income into other localities. The act reproduces tax conventions already signed with Russia, South Africa, Tanzania, India and Ukraine.

Reform supports horizontal and vertical equity, and removing the ability to evade or avoid taxes is in keeping with this philosophy. The act basically simplifies the system of taxation as it applies to resident individuals and corporations in Canada as well as owners of income producing assets in Canada or one of the signatory states. Therefore, I am pleased on behalf of the Reform Party to support this bill.

[*Translation*]

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

Some hon. members: Question.

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

Some hon. members: Agreed

Some hon. members: On division.

Mr. Deputy Speaker: I declare the motion carried on division. Accordingly, the bill is referred to the Standing Committee on Finance.

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

* * *

STANDARDS COUNCIL OF CANADA ACT

The House resumed from June 5, 1996, consideration of Bill C-4, an act to amend the Standards Council of Canada Act, as reported without amendment from the committee.

Hon. Jane Stewart (for the Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec) moved that Bill C-4 be concurred in at report stage.

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

Some hon. members: Agreed.

(Motion agreed to.)

[*English*]

Mr. Boudria: Mr. Speaker, I believe you would find unanimous consent to call it 9.30 p.m.

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

RAILWAY SAFETY

Mr. Antoine Dubé (Lévis, BQ): Mr. Speaker, on June 12, I asked a question to the Minister of Transport regarding railway safety, following CN's decision to close the Joffre shop, in Charny. I am concerned because before this decision, there were three shops that repaired and maintained railroad tracks in Canada.

• (2110)

It was suddenly decided to concentrate these operations in Winnipeg. Since CN was privatized last year, I was concerned about the issue of safety and I told the Minister of Transport that it was asking a lot from a single shop located in Winnipeg to look after all the tracks in Canada, as far as Halifax. The minister said that he had reviewed the situation, that there would be no problem and that it would be safe.

On March 28, 1995, the daily *Le Soleil* published the findings of a study on the state of railroad tracks in Quebec. In our province there are three to ten times more problems than in other regions of the country.

For example, and I quote from the story published in the daily *Le Soleil*, ''For trains starting in the Quebec area, including Ottawa, but stopping before the Gaspé Peninsula, railroad inspectors counted 51 defects per 100 miles or 160 kilometres of main railroads owned by CN. They counted 31 per 100 miles of main railroads owned by Canadian Pacific. CN owns more than 80 per cent of the tracks''.

As I was saying, elsewhere it is up to 10 times less. In spite of this, CN decided to set up the only repair shop in Winnipeg.

I take advantage of the fact the minister is here. Now that he has been informed of the situation since last Thursday, I ask him if he can table reports that the railroads had improved over the last year, on which to base his claim that there is no threat to safety in Quebec. I would like the minister to tell us about these reports or, better still, to table within the few next days the reports on which he is basing his claim that railroads in Quebec are in top condition.

Hon. David Anderson (Minister of Transport, Lib.): Mr. Speaker, it is always a pleasure to answer a question from the hon. member for Levis. I thank him for this opportunity to make a few comments on railway safety.

First, I can assure him that there are figures to prove there is no significant difference between the number of accidents and problems in the railway system of Quebec and in other provinces. I could give him the exact figures but unfortunately I do not have them with me at this moment.

It is most unfortunate that people are losing their jobs in Charny but the House may rest assured that there is no problem linked to safety. The CN decided to centralize the main operations for repairs to track maintenance equipment, but routine maintenance will be done in the field. Finally, CN will step up routine equipment maintenance. Track maintenance, which is essential to ensure safety, will continue to be ensured using equipment in good repair.

Transport Canada works together with railway companies to provide Canadians with the highest standard of rail safety. Railways are required to comply with the Railway Safety Act and it is up to Transport Canada to ensure that safety standards are complied with in accordance with the law.

Transport Canada railway safety officers will oversee railway operations as well as the maintenance of tracks, equipment and railway crossings to ensure railway safety.

The act enables them to limit railway operations when and if they discover unsafe conditions and to impose penalties on the companies in the event of a violation.

The decision made by CN to centralize equipment maintenance is merely a business decision that does not affect safety.

The Deputy Speaker: My collegues, the motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until 10 a.m. tomorrow.

(The House adjourned at 9.15 p.m.)

CONTENTS

Monday, June 17, 1996

PRIVATE MEMBERS' BUSINESS

GOVERNMENT ORDERS

STATEMENTS BY MEMBERS

ORAL QUESTION PERIOD

ROUTINE PROCEEDINGS

GOVERNMENT ORDERS

MAIL POSTE
Canada Post Corporation/Société canadienne des postes
Postage paid Port payé
Lettermail Poste–lettre
8801320
Ottawa

If undelivered, return COVER ONLY to:
Canada Communication Group — Publishing
45 Sacré–Coeur Boulevard,
Hull, Québec, Canada, K1A 0S9

En cas de non–livraison,
retourner cette COUVERTURE SEULEMENT à:
Groupe Communication Canada — Édition
45 boulevard Sacré–Coeur,
Hull, Québec, Canada, K1A 0S9

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

Also available on the Parliamentary Internet Parlementaire at the following address:
Aussi disponible sur le réseau électronique «Parliamentary Internet Parlementaire» à l'adresse suivante :
http://www.parl.gc.ca
