



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, February 18, 1997**

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**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Tuesday, February 18, 1997

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to 10 petitions.

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[*English*]

### PETITIONS

#### COMMUNITY ACTION PROGRAM FOR CHILDREN.

**Mr. Joe McGuire (Egmont, Lib.):** Mr. Speaker, today I have two petitions to present to the House.

The first is with regard to the Community Action Program for Children. It is signed by people right across Prince Edward Island. The petitioners ask the government to forgo the cuts that are being proposed to the program. Possibly there is good news in today's budget with regard to this petition. I look forward to this evening verifying that it will be enhanced and not cut.

#### NATIONAL HIGHWAY SYSTEM

**Mr. Joe McGuire (Egmont, Lib.):** Mr. Speaker, the second petition is with regard to the national highway system. The petitioners are citing that 38 per cent of the national highway system has fallen below accepted standards and they are looking for a directed tax in order to build up our trans-Canada system.

These petitioners are from right across Prince Edward Island, from the western end of Prince Edward Island to the riding of Egmont.

**Mr. Len Taylor (The Battlefords—Meadow Lake, NDP):** Mr. Speaker, it is my pleasure to present a petition pursuant to Standing Order 36 concerning our national highway system. This is the fourth such petition I have presented from residents of my constituency. The residents signing this petition come from the city

of North Battleford, the town of Cochin, Unity, Gallivan, Wilkie, and Meota.

The undersigned petitioners note that 38 per cent of the national highway system in Canada is substandard and that the national highway policy study identified a number of matters including job creation, economic development, national unity, saving lives and avoiding injuries, lower congestion, lower vehicle operating costs and better international competitiveness as benefits of the proposed national highway program.

The petitioners urge the federal government to join the provincial governments to make the national highway system upgrading possible.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I have a petition from people in and around Edmonton, some of whom live in my riding of St. Albert.

These petitioners draw to the attention of the House that 38 per cent of the national highway system is substandard, that Mexico and the United States are upgrading their national highway systems and that the national highway policy study identified job creation, economic development, national unity, saving lives, avoiding injuries, lower congestion, lower vehicle operating costs and better international competitiveness as benefits of the proposed national highway system.

They have petitioned Parliament to urge the federal government to join with provincial governments to make the national highway system upgrading possible.

#### TAXATION

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have a petition from some scores of people in the Peterborough riding who are concerned about literacy and the taxation of reading materials. The petitioners urge all levels of government to demonstrate their support of education and literacy by eliminating sales tax on reading materials. They ask Parliament to zero rate books, magazines and newspapers under GST.

As the provinces and Ottawa consider harmonizing their sales taxes, reading materials must be zero rated under provincial sales taxes as well as GST.

#### MOOSONEE AREA

**Mr. Peter Adams (Peterborough, Lib.):** Mr. Speaker, I have another petition from people of the Peterborough area who are concerned about people living in the Moosonee—Moose Factory area of James Bay. They point out that there is no road going from Cochrane to Moosonee, which of course is the route taken by the

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Ontario Northlands Polar Bear Express. There is no road and that isolates the people in the Moosonee area.

• (1010)

These petitioners call on Parliament to allocate funds for a highway to be built from Cochrane to Moosonee to end the isolation of the people of that region.

## NATIONAL HIGHWAY SYSTEM

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, I have the pleasure to present a petition from a number of people in the national capital region.

The petition draws to Parliament's attention the economic benefits of the national highway system as well as the improved safety and contribution to national unity of a national highway system in good shape. It also calls on Parliament to work with the provinces to make the national highway system as good as it can be.

## NATIONAL UNITY

**Mr. John O'Reilly (Victoria—Haliburton, Lib.):** Mr. Speaker, pursuant to Standing Order 36 I have a petition from people from Fenelon Falls, Bobcaygeon, Omemee and Lindsay asking Parliament to enact legislation to ensure that Canada remains one country, undivided from coast to coast to coast.

## AGE OF CONSENT

**Mr. Ed Harper (Simcoe Centre, Ref.):** Mr. Speaker, pursuant to Standing Order 36 it is my pleasure to present a petition on behalf of the constituents of Simcoe Centre.

The petition concerns the age of consent laws. The petitioners ask that Parliament set the age of consent at 18 years to protect children from sexual exploitation and abuse.

## CANADA POST

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, I have the honour to present petitions signed by over 3,000 residents of British Columbia concerning the mandate review of Canada Post, co-ordinated by the Canadian Union of Postal Workers, Pacific region.

The petitioners note that the Liberal government has ordered Canada Post Corporation to withdraw from the delivery of economy unaddressed ad mail, that this withdrawal reduces the options of companies that wish to advertise their products and services at an economical rate.

Therefore the petitioners wish to have economy ad mail delivered to their homes by Canada Post ad mail employees. They believe that Canada Post Corporation has been providing an

excellent and reliable service through the delivery of economy ad mail, which they wish to see continued.

They call on the government to reverse its decision with respect to economy ad mail and allow Canada Post Corporation to continue to provide this economical and reliable service to citizens of Canada. I certainly concur with this petition.

## NATIONAL HIGHWAY SYSTEM

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, the second petition deals with the question of the Canada's decaying national infrastructure. It calls on Parliament to not increase the federal excise tax on gasoline and to strongly consider reallocating its current revenues to rehabilitate Canada's crumbling national highways.

## CHINA

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, the third and final petition deals with the issue of Canada's proposed sale of CANDU nuclear power reactors to China and notes that the export of CANDU reactors to China places the Government of Canada in an indefensible economic, political and environmental position.

Therefore the petitioners call on Parliament to cancel the planned sale of CANDU reactors to China and to immediately withdraw from all arrangements concerning financial and technical assistance to China for nuclear reactor technology.

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## QUESTIONS ON THE ORDER PAPER

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

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

**Some hon. members:** Agreed.

## GOVERNMENT ORDERS

[English]

## CANADIAN WHEAT BOARD ACT

On the Order: Government Orders:

December 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-72, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts.

**Hon. Raymond Chan (for Minister of Agriculture and Agri-Food, Lib.)** moved:

*Government Orders*

That Bill C-72, an act to amend the Canadian Wheat Board 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 the debate on the motion referring Bill C-72 amendments to the Canadian Wheat Board to the Standing Committee on Agriculture and Agri-Food.

Once again we have decided on this route in order that members who serve on the committee and interested groups may, if they wish, make submissions and the opportunity to speak in advance of the proposals that will improve the bill. Today I would like to outline in general the thrust of the legislation before this House which will modernize the operations of the Canadian Wheat Board.

While no set of proposals could possibly satisfy all the sides in that it is all too often a sharply polarized debate among farmers with respect to grain marketing, the government's approach is aimed at meeting the responsible expectations of the majority of western grain producers. Our policy objective is to build upon the improved strengths of our existing marketing system while modernizing the governance structure of the Canadian Wheat Board, enhancing its accountability, improving its responsiveness to changing producer needs and opportunities, providing more flexibility, faster cashflows and minimizing future complications in international trade.

• (1015)

Many of the changes we are proposing will empower farmers with a bigger and more direct say in how their marketing system works, consistent with the majority of recommendations put forward by the western grain marketing panel. Overall, the changes fall into three broad categories, governance and accountability being the first.

The first relates to the governance and accountability of the Canadian Wheat Board. The overall governance of the wheat board will be placed in the hands of a board of directors consisting of between 11 and 15 members, the majority of whom will be farmers. To help make the transition to that new corporate structure a full set of interim directors will be appointed by the Government of Canada in 1997. Again the majority will be farmers. Then beginning in 1998 the producer majority among the directors will be replaced by directors elected by the farmers themselves.

Bill C-72 is written in such a way as to enable all this to happen. This is consistent with the advice of the western grain marketing panel, that is, to structure our amendments in the form of enabling legislation.

A number of farm groups appear to want the new law to be more precise in this area: specifying the date by which directors will be

elected; confirming that the number of directors so elected will constitute a majority; and making this governance change irreversible, except of course by future amendments to the act.

The minister of agriculture has no difficulty with these ideas. They are completely consistent with the policy principles announced last October. The existing draft of Bill C-72 will enable them to be implemented. If the arguments presented to the standing committee are clearly to the effect that farmers would be more comfortable with the new law being more precise and less flexible with respect to the election of producer directors, then the minister would be happy to entertain the appropriate amendments to bring that about.

On the matter of accountability, Bill C-72 provides for a big change. For nearly 62 years the Canadian Wheat Board has been a crown corporation accountable only and solely to the Parliament of Canada. Under Bill C-72 it would evolve into a mixed enterprise. For the first time in history it would also become accountable to producers directly.

The essence of the Canadian Wheat Board's accountability to farmers will lie in demonstrating its marketing success and effectiveness. If the Canadian Wheat Board's performance is not satisfactory, then its board of directors including a majority of elected farmers can implement operational changes or ultimately trigger a process to change its marketing jurisdiction.

The essence of the Canadian Wheat Board's accountability to Parliament will lie in demonstrating its financial competence. This flows from the unique guarantee which Bill C-72 provides in relation to all the Canadian Wheat Board's borrowing, not just initial payments, not just credit grain sales, but also all its day to day financial transactions on the world's money markets. This amounts to billions of dollars annually backstopped by Canadian taxpayers if and when necessary.

As an agent of Her Majesty accountable only to Parliament, the Canadian Wheat Board automatically had this type of broad guarantee. For this mixed enterprise it is not automatic. It has to be written into law as Bill C-72.

The track record of the existing Canadian Wheat Board in relationship to its global financial transactions as a crown corporation is superlative. It enjoys a strong international credit rating. It has managed its day to day finances in a profitable manner gaining the benefit of the best possible interest rates and thus augmenting its pool returns to producers.

• (1020)

Will these exceptionally high standards be maintained as it becomes a mixed enterprise under a different governance system and will the different accountability expectations be reached? We

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fully expect so, but since Bill C-72 will provide the new Canadian Wheat Board with a unique legislated guarantee backed by taxpayers, it is not unreasonable for the new law also to include some safeguards to protect the taxpayers' position.

That is what Bill C-72 seeks to accomplish: getting the balance right between accountability to producers and accountability to Parliament. It will be important to weigh the pros and cons of having fewer safeguards for the taxpayer against having a less comprehensive guarantee.

It should also be noted that the Canadian Wheat Board has now and will continue to have decision making authority over matters which affect producers elsewhere in Canada outside its designated area, the authority to issue export permits for example. This is another reason why accountability to Parliament will continue to be important.

The second group of changes relates to more flexible operations and improved cashflow. Under these changes the wheat board will be able to make cash purchases of wheat and barley; manage adjustment payments during any crop year on an expedited basis; terminate pool accounts at any time and pay out farmers' returns as rapidly as possible thereafter; issue negotiable producer certificates; fully utilize modern risk management tools in dealing both with farmers and with consumers; defray farmers' grain storage and/or carrying costs; allow open farm deliveries to condo grain storage facilities; and procure grain using new technology, such as on farm mobile elevators.

These new flexibilities will help put more money from wheat board operations into the hands of farmers more quickly. To backstop cash purchases and to help the Canadian Wheat Board manage adjustment payments more quickly, the board will be allowed to establish contingency funds as a financial cushion.

The third category of changes relates to the Canadian Wheat Board's mandate. The legislation does not alter the Canadian Wheat Board's existing mandate but we are putting more decision making authority into the hands of the farmers themselves. In future the wheat board's mandate may be adjusted conditionally upon three things: first, a clear recommendation to that effect by directors of the Canadian Wheat Board; second, if the quality control issue is improved, the concurrence of the Canadian Grain Commission that a change can be made safely without damaging Canada's reputation or quality and consistency; and third, if the proposed change is significant or fundamental, then an affirmative vote among farmers would need to be a prerequisite.

The Canadian Wheat Board is a very effective marketer of Canadian grain. It has the support of the majority of western grain farmers. They want realistic and sensible Canadian Wheat Board changes but they do not want a scenario that would lead inevitably to the board's destruction.

Now just how valuable in the overall scenario and scheme of things is the Canadian Wheat Board? It sells some \$5 billion worth of grain per year at a marketing cost of a few pennies per bushel. It retains no profit margin; all the rest goes to the farmers.

The board is one of Canada's most significant business enterprises. Doing business in more than 70 countries around the world, it is the fifth largest exporter and our biggest net earner of foreign exchange. It has earned for itself and for Canada a positive reputation in the eyes of the global customers, not so much on pricing issues—the board targets to extract price premiums—but on intrinsic quality, cleanliness, consistency, technological support, long term dependability, customer service and contract execution. The Canadian Wheat Board has been rated by its customers as number one in the world.

• (1025 )

These characteristics coupled with the size of the board, its global reach and its marketing clout result in Canada having roughly a 20 per cent share of the world market and realizing the best possible returns from those markets. The Government of Canada believes that it is worth preserving.

The Minister of Agriculture and Agri-Food is much committed to the principles that have been announced and which are embodied in the legislation presented before the House. Nevertheless there are a number of mechanical ways by which these principles to which I have referred can be accomplished. The minister is open to input from members of the Standing Committee on Agriculture and Agri-Food as to how the legislation could be improved.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, I am pleased to rise to speak today at second reading of Bill C-72, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other Acts.

Bill C-72, which is under debate this morning, is of little concern to the agricultural community in Quebec. While there are some wheat and barley growers there, their numbers are far fewer than in western Canada. However, because of the mission and role that have been given the Bloc Québécois, it is our duty to express our opinion on the matter and more importantly to try to ground the current government's aspirations to control just about every field of activity in this immense country.

Our intervention in the issue is all the more important because it permits an objective analysis of the situation that will lead to a better understanding between the government and the 130,000 wheat producers and because, first and foremost, it allows us to fulfill the role we were given of protecting Quebec's interests.

So long as Quebec continues to pay billions of dollars in taxes to the federal government, we will continue to demand equal services and, more importantly, equitable financial benefits for Quebec.

This morning, the headlines in most of the francophone dailies read: "The Minister of Finance in Ottawa again denies Quebec's claim for justice in the collection of the federal GST within Quebec". Quebec will have a shortfall of nearly \$2 billion. The Minister of Finance, a man of intelligence, said yesterday that Quebec is not losing any money in harmonizing the GST with its sales tax, whereas the maritimes would lose five tax percentage points.

However, he must be aware nothing is created and nothing is lost in nature. The maritime provinces preferred to have a higher sales tax rather than personal income tax, which was not the case in Quebec, Ontario and Alberta, for example.

However, this five per cent means we are paying the equivalent of \$250 million to enable three maritime provinces to harmonize. A fine example of inequity. So, as long as Quebec continues to pay its \$30 billion in income tax to the federal government, we will be around to demand justice.

• (1030)

You know as well as I do how difficult it is for the Liberal government to grasp this rather simple concept of equality. This prompts me to add that the government should devote as much energy to developing a long term dairy strategy promoting the growth of the dairy industry, particularly in Quebec, since more than 47 per cent of all industrial milk in Canada is produced in Quebec.

In this context, I must warn the government that we will not be satisfied with a policy statement based on little more than empty promises, as the Liberal government has a habit of doing. In our view, while representing a laudable effort to modernize the Canadian Wheat Board, the blueprint for changes to the commission is clearly insufficient in the present situation.

Several wheat and barley producers called for a more flexible operational framework for the board, especially at the higher management level, and mainly for increased input from the producers themselves in the development of long term marketing strategies.

Whether the hon. parliamentary secretary agrees or not, Bill C-72 addresses to some extent these long-standing demands of the producers, while at the same time not giving them the freedom and flexibility they want and need to achieve their production objectives.

I was listening a moment ago to the parliamentary secretary who said over and over that a majority of western grain producers were

### *Government Orders*

happy with this bill. It is not normal for groups of western farm producers to hold referendum after referendum calling for changes to the Canadian Wheat Board. Granted, the Canadian Wheat Board has played and continues to play a major role in the sale and marketing of wheat and barley in western Canada. I am speaking honestly when I say that no one in this House can tell what would have happened to the economy and the farming industry in the three western provinces had it not been for the Canadian Wheat Board.

However, after 62 years, time has come to update this institution which, unfortunately, has strayed slightly from its goal. And when the government keeps making partisan appointments without—and that is a shame—looking at the primary qualifications of the commissioners, this goal is lost.

I am saying it and I will say it again. The secretary of state might get annoyed and say: "Sure, but the member for Frontenac sits in the opposition and knows full well he will never have to appoint a director to the Canadian Wheat Board". This is true. However, in my riding, for example, one can see that, over the last three years, a number of appointments were made strictly because of services rendered to that party, because of the funding provided to that party, with little consideration being given to qualifications.

This pattern is becoming the trademark of the Liberal Party and therefore of this Liberal government.

• (1035)

It is well known that the Liberals give with one hand and take away with the other. Instead of acceding to the producers' requests, the government is trying, through devious and illusory means, to maintain control over the CWB. The bill provides that the board's social structure and the directors' status will be changed by electing a board of directors that will include a number of people from the industry.

However, given that this body will no longer be an agent of Her Majesty in right of Canada, producers should have priority as members of the board. Unfortunately, the government refuses to make a greater commitment to this issue. It refuses or at least fails to specify the number of farmers who will sit on a rather flexible new board of directors that will have anywhere from 11 to 15 members.

I am concerned about the Liberal Party's attitude, a party which has managed to appoint a fair number of its supporters to various government bodies since it came to office. Given its new structure, the Canadian Wheat Board will continue to leave the door wide open to this kind of partisan appointments, rather than give producers the place that is rightfully theirs in managing their interests.

I will conclude by pointing out that the Canadian Wheat Board accounts for close to 23 per cent of world exports of wheat and barley, which reflects the importance of its role. This is very

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significant. These exports are estimated at close to \$5 billion, in current dollars.

Since we will support the bill at second reading, we will make a few suggestions to improve Bill C-72 and if you accept them—

**The Deputy Speaker:** I am sorry, but the hon. member's time is up. The hon. member for Kindersley—Lloydminster has the floor.

[*English*]

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, we are addressing the motion to refer Bill C-72 to committee. This is something that we have pressed the government to do, not because the legislation is good but simply because the public, particularly the farm community, needs to be exposed to this legislation so it realizes how bad it really is.

The minister has made absolutely no progress on reforming grain marketing under the Canadian Wheat Board, just like he has made no permanent progress to reduce transportation inefficiencies in the movement of prairie grain, and just like he has made no progress in correcting the wrong-headed approach to cost recovery.

This is not because the minister is unaware of the issue. He is a Saskatchewan boy. He wandered around in the political wilderness of Saskatchewan for what seemed like 40 years as the leader of the provincial Liberal Party, after he was elected for a very short period to the House of Commons. The people of Saskatchewan very seldom vote for the Liberals but when they do, they boot them out sooner rather than later.

There is a real possibility, if the Liberals call a spring election, that this bill will not receive final approval from Parliament. It is unforgivable that the government has delayed bringing forward reforms to the Canadian Wheat Board.

We are now in the second half of February and this bill is just being referred to committee. It needs to be dealt with by the committee, come back for third reading, go to the Senate and receive royal assent. On top of that, it is a very flawed bill and needs a lot of work.

The probability of this bill passing at this point seems rather remote unless the government has a change of heart and is prepared to make significant changes to the bill.

Bill C-72 is a clear message to the prairie grain industry that the minister wants to fail at market reform. If he does not want it to fail, then he thinks he can pull a fast one on the industry by trying to mask minimal changes to the board, particularly its governance, leaving himself securely as the commandant of the board.

• (1040)

Bill C-72 is badly drafted legislation that needs a series of major changes, and I stress major changes, to make it acceptable to the prairie industry and, more importantly, to individual farmers who are going to find out that this board is not the more accountable, more flexible Canadian Wheat Board that they were promised by the Liberal government.

The purpose of the bill is to change the governance, to make the board of directors an elected one rather than appointed commissioners. It is supposed to make it a more responsive, more communicative and more open marketing institution but it does not accomplish this.

We believe the government's proposed amendments to the board are weak, ineffective and a slap in the face to prairie producers. The government is telling them that they cannot manage their own marketing affairs, that in some way they are inferior to the producers of Ontario, Quebec and other commodities within Canada where producers are able to very effectively and capably manage their marketing affairs.

It is a matter to be seen whether or not the Liberal government will allow the wholesale changes to Bill C-72 that are permitted under the rules where a bill is referred to committee prior to second reading. Based on our experience we have found that amendments have been few and far between, usually cosmetic in nature and not very substantive.

Many farmers are beginning to believe that the minister of agriculture has manipulated the wheat board reform process. This has resulted in uncertainty, division and fear among western farmers. I have never seen an issue develop into such a divisive issue with the encouragement of the minister. At every opportunity he has poured gas on the fire rather than try to bring some positive, constructive and conciliatory measures forward to bring an end to some of the division and hard feelings that are mounting in the prairies over this issue.

**Mr. Hill (Prince George—Peace River):** No leadership.

**Mr. Hermanson:** The member from Peace River says that the minister has failed to show leadership and I certainly concur in that observation.

First he delayed making any changes to reform the board for more than two years. That allowed the uncertainty and mistrust to fester. Next he created a political charade in the form of the western grain marketing panel. After it came out with a half decent report, he ignored it, particularly the most important compromises it suggested. Based on the results of secret polls the minister decided the only way he would win a vote on barley marketing was by basing it on an all or nothing type question: no flexibility, no middle ground.



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Now the minister thinks that by appointing a partially elected, part time board with minimal power that farmers demanding significant change will be satisfied. Then he will be able to wash his hands of the issue. The minister is certainly mistaken.

Some of the more substantial problems with the bill include the fact that it strengthens the government's control over the board rather than passing that control and responsibility on to the producers who actually pay for the services of the Canadian Wheat Board. The board will only be partially elected. The bill states that one or more directors may be elected. We know that the minister will agree to changes to that clause in the bill simply to mask some of the other controls that he does not want to let go, such as the government will appoint the chairman and president or chief executive officer instead of those people being selected by the directors who are elected by the farmers.

The government can dismiss a director at any time without cause. This is extremely unacceptable. This is the way tin pot dictators operate. I am ashamed that the minister of agriculture would bring in such an inferior piece of legislation. It shows no confidence in farmers to elect capable and competent directors to run the board.

The new board of directors must follow any directions it receives from the federal government, even if the directors believe such orders are not in the best interests of farmers.

The legislation allows the board to restore its authority over the feed grain market. This has been fairly controversial. Lorne Hehn, the chief commissioner of the board said it was a mistake, an error, and that it should be changed. However, the minister said no, it was not an error and that people misunderstood the bill. It certainly has the minister of agriculture for Alberta rather concerned. It is absolutely necessary to change this in the bill to make sure that we do not revert to 1973 marketing of prairie feed grains where barley could not even be moved across a provincial boundary without breaking the law. It is bad enough that our farmers cannot move their grain across international boundaries without breaking the law. If this bill is not corrected we may be breaking the law by moving our grain from Alberta to Saskatchewan or vice versa. This has to be changed.

• (1045)

This bill reduces the possibility of future changes to the board's mandate. In order to make a significant change to the board's mandate farmers must go through an excessive approval process. First the board must recommend change. Then the Canadian Grain Commission must approve the change. Then there must be a producer vote held with a question determined by the minister. It sounds pretty rigged to me and it is certainly not showing any confidence of farmers to manage their own Canadian Wheat Board.

Even after the vote, however, the minister would not be compelled to act on the results. Talk about arrogance and a lack of confidence. I find this measure in the bill absolutely disgusting.

No other political party has stated its position more clearly and more openly than Reform on matters related to the Canadian Wheat Board and the current barley plebiscite. Reform has repeatedly stated that we support and will work toward a reformed Canadian Wheat Board that is more accountable, more flexible and a board in which participation is voluntary. That is the debate that is out there among prairie producers and we know that is where support is growing. No matter what the minister does, eventually farmers will persist and will accomplish what they want.

We believe that only constructive changes to the board today will ensure its survival and effectiveness into the future and we do not advocate destruction of the board; only our political opponents are making those claims on our behalf.

In closing, the minister of agriculture has done more to damage the board, more to bring its usefulness into doubt in farmer's minds and more to hurt us internationally than anyone, all of us who have suggested that the board should be changed constructively to prepare producers to market in the 21st century.

The minister is moving us backwards; we want to move forward. This bill is unacceptable in its present form and must be changed substantially. I call on members of the committee to do that.

**Mr. Glen McKinnon (Brandon—Souris, Lib.):** Mr. Speaker, my colleague in our party who spoke earlier very clearly indicated that the wheat board is one of the institutions in the agricultural enterprise that is working solely for farmers. It is sharing with the farm community all the benefits of single desk selling at a fraction of the cost of revenues that are earned by that institution.

The Minister of Agriculture and Agri-Food Canada has explained the main objectives of Bill C-72 and I would like to discuss how we arrived at this legislation.

The Canadian Wheat Board has been serving Canadian farmers efficiently and effectively for over 60 years. During that time it has helped our grain sector build an international reputation for quality and reliability and has realized the best possible returns from the market for Canadian farmers. And as my colleague indicated earlier, shipload and boatload after boatload, the consistency is there and it is well received by those who are doing business with us.

The business environment is changing. We are doing business in an increasingly liberalized and competitive international marketplace. At the same time changing customer demands, reducing subsidization, new applications of biotechnology, booming markets for value added food products and a host of other changes mean that today's grain sector must be more innovative, more

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self-reliant and market responsive than it was historically in the past.

In that context, the future of the Canadian Wheat Board has for several years been the subject of a sometimes very intense debate among farmers and other stakeholders in the grain sector, particularly in western Canada. As an aside I might indicate that in my riding of Brandon—Souris there have been court cases for those individuals who feel that they need to challenge the very authority of the Canadian Wheat Board Act and, for that matter, the whole method of marketing grain throughout the world.

The purpose of these amendments to the Canadian Wheat Board Act is to respond to some of the chief concerns that have been raised during that debate and to ensure that the Canadian Wheat Board is well positioned to continue as a reliable, responsive, single desk seller of Canadian wheat in the years ahead.

• (1050)

In preparing this legislation our goal has been to ensure that everyone on all sides of this tough issue has had a full and fair opportunity to have their say.

In 1995 the minister established the Canadian Western Grain Marketing Panel to develop recommendations in consultation with all stakeholders in the grain industry. That panel did an excellent job in fulfilling its mandate and in providing a forum for producers and other stakeholders to discuss the future of the Canadian Wheat Board rationally, openly and transparently on the facts rather than on rhetoric.

It was the most extensive consultation regarding western grain in modern history, one which involved a series of town hall meetings in Manitoba, Saskatchewan and Alberta. It was in this forum that farmers and others gave their perspective on the current marketing system for western Canadian grain. Alternative arrangements were also brought forward.

The panel held 12 days of hearings in Winnipeg, Regina and Edmonton, during which it heard 69 briefs and an additional 78 submissions from individuals and organizations who did not appear before the panel but made submissions for its information.

Following the publication of the panel's report last July, the minister invited interested parties to forward written responses to those recommendations. After the panel submitted its report last summer the minister further distributed a summary of its recommendations to every farmer in western Canada and invited their feedback.

All in all, from that process, 12,000 individuals and organizations responded. I am confident that the legislative changes we are putting forward today represent the views of the vast majority of

western farmers and will address many of the key recommendations of the Western Grain Marketing Panel report.

One way or another we are taking action on all points raised by the panel with regard to wheat board governance. One of the major recommendations of the panel in this area was that the Canadian Wheat Board Act be amended to provide for a change in governance of the Canadian Wheat Board and to provide for greater flexibility in its operations and in the services it provides to farmers. In fact, of all the recommendations contained in the panel's report, this one received the strongest consensus of support among farmers.

Under this legislation the overall governance of the board will be placed in the hands of a board of directors, most of whom will be farmers. To help ease the transition of the new corporate structure, an interim board of directors will be appointed by the government next year and the intention is that by the beginning of 1998 a majority of the directors will be elected by farmers.

The election of directors will have some fundamental impacts on the operations of the board, mainly because the board will be no longer a crown corporation. As much as possible, however, we have tried to minimize those impacts.

For example, as an agent of Her Majesty, the wheat board's borrowings are automatically guaranteed by the Government of Canada. To minimize changes, the Government of Canada will continue to guarantee the board's borrowings. In addition, the government will continue to guarantee initial payments and the Canadian Wheat Board's credit grain sales.

Nevertheless, there are still implications of moving to an elected board of directors that need to be fully examined. That is why the legislation is permissive in this area. Farmers need to be aware of what they have now and compare it to what they will have with an elected rather than an appointed board so that they can make an informed decision regarding their ultimate preference in this area.

Another major group of amendments relates to more flexible board operations and improved cash flow. Under these amendments the board will be able to, first, make cash purchases of wheat and barley. Second, it will be able to manage adjustment payments during any crop year on an expedited basis. Third, it will be able to terminate pool accounts at any time and pay out farmers' returns as soon as possible. Fourth, it will be able to issue negotiable producers certificates. Fifth, it will be able to defray farmers grain storage and/or carrying costs. Finally, it will be able to fully utilize modern risk management tools in dealing with both farmers and customers. In addition, to allow cash purchases and to help the board manage adjustment payments quickly, the wheat board will be allowed to establish a contingency fund.

• (1055)

It is important to note that these amendments do not constitute the Government of Canada's full response to the concerns of Canadian grain producers and the recommendations of the Western Grain Marketing Panel. We are also pursuing many other avenues to address other issues related to grain marketing and transportation. Last November our government introduced legislation to modernize the Canada Labour Code.

Among other things, these amendments stipulate that while grain handlers and their employees will retain the right to strike and lock-out, in the event of a work stoppage involving other parties in port related activities, services affecting grain shipments must be maintained.

With the amendments to the Canadian Wheat Board Act and many other changes we are making with regard to grain transportation and marketing, the Government of Canada is demonstrating that it is listening to the concerns of grain producers. It is taking actions to address those concerns and to lay the foundation for continuing growth and prosperity in the grain sector and Canada's rural communities into the next century.

I call on all members of the House to lend their support to this important legislation.

[*Translation*]

**Mr. Jean Landry (Lotbinière, BQ):** Mr. Speaker, I am pleased to be able to rise today and speak to Bill C-72, an act to amend the Canadian Wheat Board Act and to make consequential amendments to other acts. As you know, I represent an agricultural riding in Quebec, but it has no wheat or barley producers.

To be frank, the area governed by the Canadian Wheat Board covers the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. However, as a member of the official opposition, to the great displeasure of our colleagues in the Reform Party and, naturally, of the member for Calgary Southwest, I must take part in the debate, as will my colleagues in the Bloc Québécois later on, concerning this bill of such importance for many producers.

I know that we are here in this House to defend the interests of Quebecers. We are in this august place for the purpose of promoting sovereignty, but we must also use this forum to which we have access through our functions as members of the official opposition to speak to other nations. This also includes the nation of Canada. There is a lot of talk, with the Bloc Québécois leadership race, about partnership between equals.

It is very simple: with 52 members, we are the representatives of the nation of Quebec, whether the members for Saint-Maurice and Sherbrooke like it or not. In addition, I must add that, for as long as Quebec is paying taxes to the federal government, it will be our

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duty and our right to find out how this money is spent. I would add that we must claim our fair share.

The bill before us was tabled following a clear and urgent recommendation for change by the panel of experts. The Liberal government stepped in in order to serve its own interests. Of course, it wants to see a democratic approach. It wants to give general responsibility for managing the Canadian Wheat Board to a board of directors.

At first blush, the Bloc Québécois can only be pleased with the government's proposal by which this board of directors would henceforth be composed of a majority of producers, instead of three to five commissioners appointed by the minister. This shows a wonderful spirit of democracy. Perhaps we will influence the Liberal members with our fine example of democracy. I refer to my party's leadership race, and if that is the case, fine.

I am, however, still sceptical about the attitude and the real motives of the Liberal government, and here is why. According to the bill, future members of the board of directors will be elected by their peers or by the grain producers. The Liberal government, however, is taking care not to specify how many of these producer-elected members will be on the board.

In the documentation on this bill, care is taken not to set out a number of elected farmer members. It is stipulated that the majority of the new board will be composed of elected farmers, but there is no indication of when this will happen. What is more certain is that we are proposing an interim board for 1997.

• (1100)

Obviously, never a day goes by on this Hill without talk of the possibility of a 1997 election. It is certain that we will be having byelections at least, in Jonquière and Calgary West. That I can announce, if we go by the established rules, but as for a general election, I will leave it up to the hon. member for Saint-Maurice to tell us when that will be held.

I am making reference to a possible election so as to clearly situate ourselves in a pre-election context. You will understand that, when the Liberal government speaks, through its minister, of appointing an interim board in 1997, it would be a real temptation for them to make political appointments, what we call patronage appointments. This would not be the first time, and it is a pretty sure bet that it will not be the last, either.

I always find it scary to see one or another minister making appointments. It is not very reassuring at all, frankly. It was not reassuring with the Canadian food inspection agency, so why should things be any different a few weeks later? Now the minister confirms that a majority of members of the CWB board of directors will eventually be elected producers, which assumes that there could be some members selected by the minister. The minister would always be tempted to appoint friends, partisans of the

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regime, or financial backers. There is nothing new under the sun—a well-known, and unfortunately very true, saying.

My party, the Bloc Québécois, can only support the federal government's principle of finally giving grain producers a voice on the Canadian Wheat Board. One cannot help but be pleased to see such a change taking place. We know that the government is not doing this willingly. It is prepared to make changes, not as an unselfish gesture or out of a sudden desire for a more democratic approach but because it has been pressed to do so. By whom? By farmers who keep telling the government that the system is obsolete and does not meet their needs. Why do you think the panel recommended changes in the executive? Why would they want to switch from a board of three to five commissioners to a board of directors consisting of duly elected farmers? Because the latter will be in a better position to respond satisfactorily to their needs.

It does not take a genius to realize this. It is plain common sense. Now, western farmers have some very specific complaints. Trans-border farmers are demanding a double grain marketing system, in other words, to be able to choose between a free system or working through the Canadian Wheat Board.

It was high time the government decided to look into this. You will recall that not long ago, the hon. member for Wild Rose presented a motion demanding a two-year opting out right. This did not come out of the blue.

I commented on this motion as follows: "Producers could be granted more control over the board's operations, or the board could be given more room to manoeuvre". It is true that a number of producers know there are some good business opportunities out there. I know why they want to market their grain without going through the Canadian Wheat Board. In the present situation, the board, through its sales on the American market, is taking advantage of rising prices.

In any case, the board has been around for more than 60 years. Its job is to sell a quality product, to offer customers outstanding service and to maximize returns for western farmers. Here again, the system is not perfect. There is always room for improvement. Does this mean government will have to forego these opportunities for patronage in order to adopt a bill that provides for more flexible operations and improved cash flow? No, hon. members. I see the benefits, but I also see the opportunities for patronage.

• (1105)

They will have to get people from the agricultural sector, people who know this area, and who better than farmers, grain farmers, as members of the board of directors of this Canadian Wheat Board?

And then they will have to be elected. I think this is an excellent decision, but wait, let us see how this works. The government

wants to make the rules. I do not think it will call on an outside firm as they do for the 6/49 draws or ask Mr. Kingsley, the chief electoral officer.

That being said, in spite of an apparent willingness to make changes, the federal government wants to maintain its control over the Canadian Wheat Board with this bill. How? You will not believe this. Did you notice that in subsection 3.6(2), our government reserves the right to remove all elected members of the board of directors, including the farmers?

Earlier I mentioned how they could be elected, but I forgot to point out that the chairperson of the board is still appointed by none other than the minister. He is appointed by the Governor in Council on the minister's recommendation, so we might as well say he is appointed by the minister.

[English]

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I am glad to join in the debate on Bill C-72 which is amendments to the Canadian Wheat Board Act and consequential amendments to other acts.

I was reading through the bill and was rather surprised when I read sections 3.93 and 3.94. Section 3.93 starts off with an innocuous statement:

(1) The directors, officers and employees—shall

(a) act honestly and in good faith with a view to the best interests of the Corporation; and

(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

That is good stuff. We would hope that these patronage appointments the government is going to put on this board would live up to that promise. However, when I read on, I find that while they may act with honesty and good faith and exercise good diligence, they are indemnified if they do not. Section 3.93(3)(a) states:

(3) Directors, officers and employees are not liable for a breach of duty—if they rely in good faith on

(a) financial statements of the Corporation represented to them by an officer of the Corporation or in a written report of the auditor of the Corporation as fairly reflecting the financial condition of the Corporation;

This tells me there is a problem with the financial statements. If they have the annual report of the Canadian Wheat Board for 1994-95 which has been audited by Deloitte and Touche and seems to be a fairly reasonable audit report, and if we find that someone relies on that financial statement and that financial statement is wrong, they are now going to be absolved from liability. My rather devious mind asks the question: What is wrong with the financial statements if they are to be indemnified if they rely upon these financial statements?

I read on in section 3.94:

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The Corporation shall indemnify a present or former director, officer or employee of the Corporation—against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, that are reasonably incurred by them in respect of any civil, criminal or administrative action—

What are we talking about here? Are we going to indemnify these people against criminal action? That is what it states. Let me read it again:

The Corporation shall indemnify a present or former director, officer or employee—against all costs, charges and expenses—incurred by them in respect of any civil, criminal or administrative action—

What kind of stuff is this? First we have them indemnified against relying on audited financial statements. Then we find out we are indemnifying them against criminal action taken in the nature of their duties. These are pretty strong words.

• (1110)

Bear in mind also that the wheat board alone is protected in that it is excluded from the Access to Information Act. We cannot obtain information on the Canadian Wheat Board because by law it is protected. No one can use the Access to Information Act to get information from the board. To make matters worse, as far as I am aware the auditor general is denied the right to take a look at the Canadian Wheat Board and pass comment on it.

Let us add all these things up. The auditor general cannot take a look at the wheat board. No Canadian can take a look at the wheat board because they are denied access through the Access to Information Act. And now its officers are being indemnified against criminal activity and there is some shadow of doubt being cast on its financial statements.

When we add all that up what do we get? There seems to be some kind of conspiracy to cover up around here. There seems to be some doubt being cast on the integrity of this government and on the management of the Canadian Wheat Board.

I would like the minister of agriculture to stand up in this House and tell us what is going on. I do not see any reason why we should pass legislation that creates a monopoly protected by legislation, given the greatest secrecy imaginable and its officers are indemnified against criminal activity. Surely we, as all Canadians do, deserve real answers. Why are these two sections in this bill?

I have not heard one word out of the minister of agriculture explaining why he feels he has to indemnify the employees of the wheat board who rely on financial statements that have been audited by an independent auditor. I do not know why he has to indemnify the employees of the wheat board if they are sued in a

criminal action. Mr. Speaker, can you give me any reason? Can anyone else give me a reason? I do not know.

This is indicative of the way this government has been managing its affairs. We have seen it in the Somalia inquiry; it gets embarrassing and the government shuts it down. We have seen it in the Krever inquiry seeking information and it is stonewalled. We talk about the Pearson airport and now we go to court. There is the Airbus fiasco which the government has bungled from day one. It has cost the taxpayers millions of dollars and we found out the other day that the Minister of Justice spent \$160,000 of taxpayers' money so he could sell us a bill of goods. It has got to stop.

Criminal activity cannot be condoned under any circumstances whatsoever. To indemnify through legislation has to be the worst thing I have seen since coming here three and a half years ago. To put that in a bill on the wheat board which is protected against inquiry by the auditor general and against inquiry by any Canadian through access to information, is something even communist Russia would be proud of. That is what we are getting from this government today.

We have had it before and we will have it again. Whitewash. Pull the wool over Canadians' eyes. Do not tell them what we are doing with their money. Do not tell them that perhaps, and I say perhaps, somebody is cooking the books in the financial statement and now when it may come out, the government wants people indemnified.

The point is that questions are being raised. I do not have the answers but I am quite sure the minister of agriculture has the answers. It is his responsibility to stand up in the House and tell us what he is trying to cover up by these two sections. If he is covering up illegal activity and fraudulent statements we need to know about it. We need to know whose head is going to roll.

• (1115)

Maybe it is the minister's head that should roll because this type of activity in a democratic country cannot be tolerated. I hope the minister comes in, stands up in the House and tells us what his intentions are.

**Mr. Leon E. Benoit (Vegreville, Ref.):** Mr. Speaker, today we are debating a motion to refer Bill C-72 to committee before second reading. I support that move because so much of this legislation needs to be debated and discussed before the bill is allowed to be passed.

People have three main concerns regarding the Canadian Wheat Board. The first is the lack of accountability of the board. It has a security level equal to that of CSIS. The second is that farmers do not have control of the board yet it is their money entirely that funds the operations of the board.

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The third issue is that the Wheat Board has a monopoly that was only given to it under the War Measures Act but which has not been removed. Farmers want a choice. They want to make it extremely clear so that no one can possibly say otherwise.

Most western farmers and certainly most Reformers support keeping the Canadian Wheat Board as a marketing agency. That is not the issue here. We support that. We support giving farmers a choice. In a democratic country, it is almost unimaginable that they have not had that choice.

I want to deal with these three issues. I know I will not have time to cover them adequately but I will give it a try. I will relate them to this legislation. By the time I finish it will be abundantly clear that scrutiny of the bill is necessary before second reading.

First, the Canadian Wheat Board has a level of secrecy the same as CSIS, almost unimaginable. Yet it is not accountable. People have to ask themselves why that level of secrecy is in place.

The auditor general, for example, does not have access to wheat board documents and to information from inside the board. Therefore, we cannot rely on an auditor general's report to deal with the operations of the board and to determine whether things are being done as they should be done. That is the level of secrecy.

For example, the only way we found out that a commissioner who quits or is fired is entitled to a severance package of somewhere around \$290,000 was through a leaked document. Yet as a grain farmer, as someone who pays for the board's operation, I was not entitled to know that. We do not know the salaries of commissioners. We do not know, certainly, the benefits package of commissioners.

Farmers believe generally that the benefits package is totally beyond anything that is reasonable. As the people who are paying for these benefits, paying these salaries and paying this severance package, we have a right to know exactly the dollar amounts that are involved.

Accountability is the first issue. Has this bill changed accountability?

**An hon. member:** No, it is worse.

**Mr. Benoit:** Has it dealt with accountability? Yes, but it has made it worse as my colleague says.

I refer to section 3.93(1) and read from the bill:

The directors, officers and employees of the Corporation in exercising their powers and performing their duties shall:

(a) act honestly and in good faith—

It talks about what the officers should do. When we read section 3.93(3), it says:

Directors, officers and employees are not liable for a breach of duty under subsection (1) or (2) if they rely in good faith on

(a) financial statements of the Corporation represented to them by an officer of the Corporation or in a written report of the auditor of the Corporation as fairly reflecting the financial condition of the Corporation; or

(b) a report of a lawyer, notary, accountant, engineer, appraiser or other person whose position or profession lends credibility to a statement made by that person.

• (1120 )

The bill says they should act honestly. Section 3.94 goes on to state:

The Corporation shall indemnify a present or former director, officer or employee of the Corporation or a person who acts or acted at the request of the Corporation—

It indemnifies former directors or officers or employees. We have to wonder why. I would like to ask the minister why this protection has been given to former officers and directors of the board. To my way of thinking the only reason is that there is something to hide. That subsection certainly cannot be left in the legislation.

Because of time restraints I will go on to my second area of concern. Farmers do not have control over the board. They pay for the operations of the board but they have no control. Has this been changed? The answer is not necessarily. The legislation may not give farmers one bit more control over the board than they have now.

I refer to section 3.6(1) which states:

On the recommendation of the Minister, the Governor in Council may, by order, designate one or more positions on the board to be filled through election by producers in accordance with this section and the regulations.

Does this mean necessarily that even one director will be elected? The answer is no. It is unbelievable. "The minister may decide to have an elected director". That is not what he has been telling farmers.

The minister will probably change that because it certainly will not be tolerated. If that is slapped into place, the backlash from the farm community will be unimaginable. The minister can see that and the clause will be removed. However, that does not excuse him for this being in the legislation.

It is one of two things. Either he has intentionally deceived farmers and the public when he said that there would be elected directors, or he is showing incompetence. This is sloppily drafted legislation and that is intolerable. Either one of those two possibilities are completely unacceptable and the minister has to answer to that. Are farmers given more control? Not necessarily.

The third concern is the monopoly, the whole issue of giving farmers a choice. Farmers generally want the wheat board. They also want to have the choice of marketing through a grain company or on their own. It is a choice that is given to anybody else in the country.

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Will the bill give them that choice? Absolutely not. The monopoly power is maintained absolutely and that is unacceptable, especially when we look at how the monopoly was given to the wheat board in the first place.

In the memoirs of Mitchell Sharp, a former Liberal member of Parliament and cabinet minister under the Trudeau government and a close colleague of the Prime Minister, he spoke about when he was a high level civil servant in the finance department during the war in 1943, when under the War Measures Act the Canadian Wheat Board was given its monopoly powers. What did Mitchell Sharp say about that? Every Liberal in the House should read what Mitchell Sharp said. He said that because we were in a situation of war it was reasonable to give the wheat board a monopoly to control the supply for wheat. He acknowledges that it drove prices down. That was the purpose, to drive prices down so the government could afford to help Canada and Britain in the war effort.

• (1125)

What Mr. Sharp said was that he believed at the time, and he still believes, it was absolutely wrong that this monopoly was kept in place after the war. He believes it has cost farmers a pile of money.

In particular, he acknowledged that the five year contract that was put in place after the war cost farmers hundreds of millions of dollars. That was only allowed because of the monopoly that was given to the board. The farmers have never been compensated for that.

The books are closed. Secrecy is there. The board is unaccountable. The monopoly remains. It makes no sense. It has to be changed and it has to be changed soon. Farmers are absolutely sick and tired of this issue not being dealt with and we have to deal with it.

**Mr. Len Taylor (The Battlefords—Meadow Lake, NDP):** Mr. Speaker, I am pleased to speak to Bill C-72, the amendments to the Canadian Wheat Board Act. This is an important bill. It is an important issue which I have been following for a long time.

I have discussed this matter with many producers throughout Canada and, in particular, throughout Saskatchewan and the prairies. I attended meetings of the Western Grain Marketing Panel when they were held in the province. I attended the meetings in Kindersley and North Battleford. Little of what was talked about is reflected in Bill C-72.

Bill C-72 is not being given the usual second reading in the House. Instead it is being introduced here for a short three hour debate and then sent directly to the agriculture committee for study. I definitely support the committee study but I oppose the process of fast tracking debate in the House in principle.

This process of sending a bill to committee before second reading is a recent innovation in the legislative process. In some cases it works very well, but in other cases it does not work well at

all and I believe that is the case with Bill C-72. Bill C-72 is important to all Canadian farmers. Therefore, it is important to Canada.

Second reading is traditionally a time when members of Parliament address the principle of recently drafted legislation. It is a time to examine in public debate the concepts on which the bill, as written, are based. It is a time when MPs who have discussed the legislation with their constituents can put those comments on the record and share them with other MPs in the hopes of influencing the clause by clause discussion which follows when the committee studies the bill.

Not all MPs can speak during this shortened three hour debate. Not all MPs are members of the agriculture committee. Therefore not all MPs and, most importantly, not all their constituents will have their voices heard on the principles contained in this legislation before third and final reading, when it is too late to make substantial changes to the bill. This process is simply fast tracking the legislation, despite the fact that perhaps there will be a shortened committee stage.

The process of shortening debate at second reading was designed for highly technical bills and not for ones like the Canadian Wheat Board legislation which also has political and subjective economic content. I object to this process being used for Bill C-72. I believe the minister of agriculture is simply using it to avoid lengthy public debate on a bill which he knows is flawed and which he does not want to fix.

I use as an example the fact that the day this legislation was introduced the minister said he was prepared to accept amendments. The next day the agriculture committee chairperson said: "This bill will in fact be amended". Today the parliamentary secretary, when introducing the debate, said that the minister would look at amendments to the bill. If the minister knew the bill was flawed and needed amendment he should have written it as such to begin with and not have introduced it the way it is today. He should have simply said: "I am prepared to listen, talk to me". If he knew it needed amending he should have done it originally.

I also object to the timing of the debate. It falls in the middle of the voting process on the future of barley within the jurisdiction of the Canadian Wheat Board. I and others had asked that the bill be delayed until voting had concluded on the barley motion to ensure that both these matters got the full attention of the public which they deserve. I am sorry that the minister has chosen not to listen to this advice.

• (1130)

On the other hand, in order not to seem entirely negative, I am pleased that the agriculture committee to which this legislation is being sent is talking about travelling outside Ottawa to make itself accessible to farmers, farm groups and communities on this bill. I would argue that the success of the Canadian Wheat Board

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certainly depends on the legislation changing, as the views of the farmers and the farm communities are important.

The committee, if it chooses to travel and if this House gives the approval of the committee to travel, would be doing the right thing in this regard. I can only hope that it has given everyone enough time to prepare adequately to respond to the challenge that is in front of all of us.

This is an important bill and therefore I want to once again express my concern and disappointment that the minister chose not to seek the face to face advice of the farmer elected Canadian Wheat Board Advisory Committee in drafting the bill. The advisory committee, which is being replaced in this legislation, is made up of the farmers most knowledgeable about the operations of the Canadian Wheat Board and the affect those operations have at the farm gate.

The minister should have involved the advisory committee immediately right from the beginning but he did not. Obviously the flaws in this bill are there because he chose not to consult and therefore it is obvious that we could be avoiding unnecessary debate, saving lots of time and money had the minister done this differently. The advisory committee's advice in designing and drafting this legislation should have been sought as a matter of course.

Many in the House today are not farmers and certainly not farmers of grains under the jurisdiction of the Canadian Wheat Board. Therefore they may not realize that the economies of grain farming during the last 10 years have been stressful. Last year's crop and price were probably the best in that 10 year period which generally was characterized by low prices, low yields, low grades and lower and lower morale. Bankruptcies and quit claims were high, as were farm debts, suicides and on farm accidents.

At the same time, huge changes in the international marketplace have been taking place, not the least of which were the subsidy talks of the Uruguay round of GATT and the subsequent establishment of the World Trade Organization.

Canada agreed with the United States and Europe to do away with a number of programs identified, incorrectly, as subsidies, and as a result Canadian farmers have lost their ad hoc emergency programs, the Crow benefit and certain supply management guarantees. I might add that Canadian governments under Mulroney and the present Prime Minister have done this without seeking similar moves by Europe and the United States, both of which are maintaining their GATT identified farm support programs.

Into this volatile mix is thrown the Canadian Wheat Board, the agency that sells Canadian wheat and barley to the international marketplace. This agency which maintained sales and prices during

the turbulent times of the last 10 years has been targeted by the United States as an unfair trading practice with support from a number of Canadians, many of whom are seeking ways to escape huge debts they have built trying to survive through the very tough times.

This is a most vulnerable time in the history of the Canadian Wheat Board and this government should be doing everything in its power to support and sustain it from those outside attacks. This legislation and, I might add, the barley vote are only fueling the debate which has the possibility to weaken the board and therefore jeopardizes its future and the future of farm income.

If nothing else, the minister of agriculture should resist all pressures to make substantial systematic changes to the board. He should give the board his unconditional and unqualified support and ensure that on the operational side the board has the flexibility it needs to address the internal and domestic challenges it faces.

Therefore in looking at Bill C-72 we have to look at the bill in that larger context. Perhaps the best thing the minister could do right now is to withdraw the bill because it weakens the position of the board and jeopardizes the future income of Canadian farmers across the prairies at a time prior to an election when we should discuss this during the election campaign.

**An hon. member:** He should resign.

**Mr. Taylor:** I hear comments from my colleagues that the minister should resign. I want to put it on record that I support that move. It sounds like a good move. The minister should resign but withdraw the bill before he does that.

• (1135)

We certainly need a stronger, not a weaker, Canadian Wheat Board working for us. Anything less is an abdication of farmers interests to the corporate controls of the artificial international marketplace.

In committee I hope we will look at the legislation in a lot more detail, so I will not be too specific today. However, there are a few matters I want to put on the record while there is still time. I note that in this shortened three hour debate members are allowed 10 minutes whereas there would be longer speeches provided for in a debate at second reading. Many of us would have much more of an opportunity to express our detailed concerns about the bill.

First and foremost is the question of governance. It seems very clear that farmers want more say in how the board is run. There are numerous ways to achieve this goal but the minister and the government have chosen in this legislation to create an elected board of directors with a government appointed chair and a government appointed chief executive officer.



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Although the minister says that the vast majority of the board will be elected by producers, the legislation does not say how many members of that board will be elected. We have some serious problems in dealing with a matter on which there appears to be a general consensus, more farmer control of the board's operation. Not only is there no guarantee that more than a couple of farmers will be elected to the board, but there is no guarantee that their influence will have any value. As long as the government appoints some members to that board and controls the appointments of the Chair and the CEO, the board will not be accountable to producers.

As a representative of Saskatchewan, of New Democrats and of a lot of producers in Saskatchewan, I feel there has to be some assurance of the long term guarantee represented in the legislation. Most of us in Saskatchewan support amendments that make the board more flexible and more responsive to producers, but at the same time we want a better balance between responsibility to producers and fiscal responsibility to the federal government. That needs to be struck.

**Mr. Garry Breitreuz (Yorkton—Melville, Ref.):** Mr. Speaker, there are probably a lot of people across Canada listening to the debate today via the parliamentary channel. They will be wondering what we are talking about. Why are the MPs from the west concerned? I am from Saskatchewan, some of my colleagues are from Alberta and Manitoba. We are concerned about agriculture and a very specific matter with the Canadian Wheat Board. That is what we are discussing today.

**Mrs. Cowling:** Mr. Speaker, I rise on a point of order. I rose to speak in the House. Is there not a rotation with respect to speakers?

**The Deputy Speaker:** The hon. parliamentary secretary was not seen by the Chair. I am sorry for that. If I had seen her I certainly would have recognized her. She is quite right that it is a rotational system. Is the hon. member, being a perfect gentleman from the west, prepared to give his place up?

**Mr. Breitreuz (Yorkton—Melville):** Mr. Speaker, would I still be able to speak? There has been a real absence of members from the government side to address this issue. We have had no response. This has not been a debate. It has simply been a raising of issues by the Reform Party and one NDP member with regard to this issue. If government members would have something to say we would be happy to hear it. We have not even heard the minister address this issue.

**The Deputy Speaker:** I think the hon. member is also indicating he would be happy to hear from the member and I take it the hon. member is in agreement that the parliamentary secretary speak before him?

**Mr. Breitreuz (Yorkton—Melville):** That is fine as long as I get to speak.

**The Deputy Speaker:** The hon. Parliamentary Secretary to Minister of Natural Resources, with thanks to the hon. member for Yorkton—Melville.

**Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.):** Mr. Speaker, as a member of Parliament who represents the rural constituency of Dauphin—Swan River, as a grain farmer and as a strong supporter of the Canadian Wheat Board, I am more than pleased to speak on behalf of Bill C-72, the amendments to the Canadian Wheat Board Act.

This legislation is the result of recommendations made last summer by the Western Grain Marketing Panel. The Minister of Agriculture and Agri-Food Canada commissioned the Western Grain Marketing Panel to hold extensive hearings and to come up with a set of recommendations to reform western grain marketing so the system can function more effectively.

• (1140)

After an exhaustive consultation process involving countless letters, phone calls, faxes, E-mails, petitions, public and private meetings, demonstrations, parliamentary debates, surveys and the hard work of the panel, it is clear that most farmers do not hold extreme irreconcilable viewpoints.

This was evident in the recommendations of the panel that, along with views of members of Parliament and provincial governments, helped the Government of Canada to decide on the contents of the bill we are debating today.

I know there are differences of opinions among farmers and parties and that in the end one cannot make decisions that will please everyone.

Indeed, given the historic fractiousness of the western grains industry and the deep divisions that exist between those farmers who hold the most extreme views on grain marketing, it is not possible to satisfy all sides.

Most farmers want the board retained but with some degree of change. They want the board to be more contemporary in its structure. They want more accountability. They want a bigger say in how things are done. They want more responsiveness to changing producer needs and changing producer opportunities. They want more flexibility in board operations. They want a greater cash flow from their grain as quickly as possible. And, of course, they want to minimize their vulnerability to trade attacks or trade limitations imposed by other countries.

On the other side of the equation, most farmers also value the proven strengths of the Canadian Wheat Board, its global reach, its market clout, the sheer size and skill to go head to head with the world's largest and most powerful grain traders and win, the ability

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to minimize the effects of the European and American trade distorting export subsidies, the board's world leading market intelligence and weather surveillance systems, and its sophisticated and comprehensive before market and after market customer services.

The Canadian Wheat Board currently serves more than 100,000 prairie farmers as a single desk marketer for wheat and barley for export and domestic human consumption. Its annual sales revenues are close to \$5 billion, making the board one of Canada's most significant business enterprises. It is the country's fifth largest exporter and Canada's biggest net earner of foreign exchange. It carries on business in more than 70 countries and has earned for itself and Canada a very positive reputation in the eyes of its global customers.

However, we cannot rest easy about these achievements. There is a new world out there that requires regular change in business methods to cope with changes which this legislation addresses.

The changes contained in this legislation fall into three broad categories. The first category includes changes related to the Canadian Wheat Board's structure, governance and accountability. The second includes changes related to more flexible wheat board operations and improvements in cash flow. The final category includes changes related to the Canadian Wheat Board's marketing mandate and the empowerment of farmers.

I would like to discuss the second group of changes in greater detail. To backstop cash purchases and to help the wheat board manage adjustment payments quickly, the board will be allowed to establish contingency funds as a financial cushion. The Canadian Wheat Board is currently limited to purchasing grain from farmers in elevators or in rail cars at the initial payment and subsequently issuing those individual adjustments, interim and final payments.

Under the amendments, the Canadian Wheat Board will be allowed to buy grain on a cash basis. This authority will provide the board with more flexibility in acquiring grain by allowing it to buy grain at prices that represent one time settlements with producers. When used to complement pooling operations, cash trading will tend to reduce delivery uncertainty and increase pool returns, for example by reducing demurrage costs, facilitating additional sales at attractive prices and by improving the overall efficiency of the Canadian Wheat Board's sales program. With this authority the Canadian Wheat Board will be able to bid on varying prices for grain, thereby securing supplies more effectively and improving the efficiency of its sales program and returns to farmers.

• (1145)

The board will be able to manage adjustment payments during any crop year on an expedited basis by removing the need to first obtain cabinet approval.

The federal government currently guarantees Canadian Wheat Board initial payments and adjustments to initial payments made during the crop year. The current requirement that all such payments be approved by cabinet hinders the speed with which the Canadian Wheat Board can adjust prices during the crop year.

Providing for the board to operate in a more businesslike manner by adjusting payments to producers more quickly, the current system of government guarantees and approvals eventually will be amended to apply only to initial payment established at the start of each pool period. After a sufficient Canadian Wheat Board contingency fund has been established, the Canadian Wheat Board will be authorized to make all subsequent adjustments and issue related payments to farmers at its discretion.

I should point out that in its 61-year history the board has never incurred a deficit on an adjusted initial payment on any of the farm pools. The few deficits that have occurred in the Canadian Wheat Board's history have all been relative to the initial price established prior to the start of the crop year.

The Canadian Wheat Board will thus be authorized to establish the appropriate contingency funds to guarantee adjustment payments to farmers and to back cash trading operations. Options for building up such funds include the board's profits on lending operations which totalled about \$80 million last year and a check off on producer sales.

These new flexibilities will help put more money from the Canadian Wheat Board operations into the hands of farmers more quickly. There are some additional changes designed to increase flexibility, most of them recommended by the western grain marketing panel.

These amendments will enable the board to offer storage payments, interest payments or other delivery related payments on farm stored grain. This change is intended to encourage producers to sign delivery contracts early in the crop year and will also authorize the Canadian Wheat Board to pay bonuses for good delivery performance by farmers.

Payment of carrying costs will reduce the need for the Canadian Wheat Board to draw grain evenly from across the prairies during the crop year and thus help in logistical planning. Greater logistical efficiency results in higher net returns for farmers.

Under the proposed amendments, the board will be allowed to issue final payments well before January 1 which is not possible under the current act. The Canadian Wheat Board will be authorized by the legislation to close pools on short notice during the crop year and establish a second pool for the balance of the crop year.

Transferable producer certificates will offer greater flexibility by allowing farmers to negotiate how and when to receive payment for grain delivered to the board. Specifically the board will be allowed to establish a program that would provide farmers with a mecha-

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nism to trade their producer certificates at mutually agreeable terms.

The development of condo storage facilities and the removal of delivery quotas on non-board grain crops have put out of date a provision that said deliveries of grain to an elevator facility must not exceed established quotas. Because it is necessary for the board to be involved in authorizing the flow of grain to condo facilities, this change will formalize open access by farmers to condo facilities.

With the changes proposed in Bill C-72, the Canadian Wheat Board will be able to become an even more effective marketing agent for western Canadian grain farmers.

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I am disappointed once again. I thought that by allowing the member to go ahead we might get the answers to some of the questions we have been raising but we never got any such thing. We just heard another one of those speeches written by the bureaucrats in the backrooms. The member never got down to discussing some of the concerns being raised by farmers in my constituency and as the member knows, by farmers in her constituency as well.

• (1150)

I will outline what this debate is all about for the hundreds of thousands of people across the country who are wondering what we are talking about today. Most of the western MPs who are concerned about agriculture are debating the issue. The issue deals with the Canadian Wheat Board.

In agriculture the government has singled out the Canadian Wheat Board as a special area of concern. The government has been maintaining tighter control especially over the marketing of wheat and barley. It maintains this control through the Canadian Wheat Board. That is the essence of the debate we are having today.

Most people in Canada may not realize why the debate is important to the people of Alberta, Saskatchewan and Manitoba. It is because they do not have the freedom to sell their grain, wheat and barley that the people in Ontario and Quebec have. They are being treated very differently. People need to understand the context of the debate.

Who am I representing? Why am I standing up to speak about the issue? It is because many, many people in my riding have come to me. I am their representative. It is my duty to analyse legislation the government puts forth in a certain area, to critique what the government has done and to suggest changes.

The biggest concern people have is the delay which is occurring in making some changes that will give farmers the tools they need

to market effectively in today's world. Why is the delay a concern? The delay has been horrific. We are three and a half years into this government's mandate and it still has not made any changes. The people in my riding are very concerned about the weakness of a minister that would allow this kind of situation to develop.

The hon. member for Dauphin—Swan River mentioned that the government must be sure it is making the right changes and that there are huge divisions developing within the farming community. Why have those divisions developed? It is because of inaction and the frustration farmers have experienced. The minister has created those divisions and he is continuing to widen them by the ineffective legislation he is introducing in the House.

I do not know why the minister has not bothered to speak to this but farmers want an answer. They want to know why he continues to review the situation. In 1993-94, during the first year of this Parliament, we asked the minister to begin to make some of the changes. He gave us the standard answer: "I am reviewing the situation". He has been saying that for almost two years. Then he put a panel into place. Now he is going to study it even further.

Every delay tactic possible has been used not to make changes that would give farmers more control over the marketing of their products. Farmers on both sides of the debate no matter what their perspective is are asking for the same thing. They are asking for more control over the Canadian Wheat Board. I did a survey in my riding and the vast majority, 90 per cent of the people who replied, want the board to be controlled by farmers. Not by the bureaucrats and not by the politicians in Ottawa; they are much too slow to respond.

One of the biggest problems with the bill is that it reduces the possibility of future changes to the Canadian Wheat Board. It is entrenching and putting more power into the hands of the minister of agriculture rather than giving farmers more control over their own affairs. To the people across Canada who are listening, if you do not think this is an injustice, then what is? We need to have that and farmers are asking for it, no matter which side of the debate they are on with regard to the Canadian Wheat Board issue.

Some of my colleagues have pointed out some sections which are of a huge concern. An example is section 3.94 where the corporation will pay the bill for any one of its directors or officers who may make a mistake. The farmers will still be liable to pay the bills.

• (1155)

The wording of course is lawyer talk: "The corporation shall indemnify a present or former director, officer, employee of the corporation or a person who acts or acted at the request of the corporation" and it goes on to describe it. In other words, it removes accountability on the part of the people who are transact-

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ing business on behalf of the farmer. It removes their responsibility. Why is that a concern?

We are all aware of what is happening on the west coast. Demurrage charges by the ships that are waiting in the harbours are being charged to farmers who have absolutely no control over the situation yet the farmers have to pay the bill. Now we have legislation which puts that into law with respect to the Canadian Wheat Board. It is absolutely wrong that farmers should have to pay the bills for things they have no control over. Why is the responsibility not put on those people who are causing the problem?

Farmers are coming to me every day saying that their transportation costs have gone up astronomically, especially since the government removed the Crow rate without any warning. They have appealed to me asking if there is something I can do.

The problem is that the people who are causing the problem are not accountable. They do not have to pay. It is entrenched in this legislation. It is a huge concern.

The government says it is implementing the recommendations of the panel. Again it is simply cherry picking. It is only picking those minute things which it feels it can do without lessening its power.

The essence of the problem farmers have is that they are battling big government. They are being held down. Their freedom is being limited by the minister and the bureaucrats in Ottawa. They are not being given more control over their own affairs. That is of real concern to them.

I noted some of the words the government used in the introductory speech that would sound good to farmers. For example, it said that the Canadian Wheat Board will be evaluated on its marketing success and performance or on its financial competence. Is there anything in the bill that allows an arm's length third party such as the auditor general to evaluate the performance of the board? Farmers do not even know what is happening. They have a very difficult time deciding whether the board is doing a good job.

The minister knows what is going on. No one can tell me that the minister does not know what farmers want. They want control over the Canadian Wheat Board. Why does it have to be controlled by the bureaucrats here in Ottawa? That question has not been answered.

If the minister set out to destroy the Canadian Wheat Board, he could not have done a better job of destroying it than he is doing right now with this delay and the way he is handling the situation. People on both sides of the debate are telling me that the minister of agriculture is destroying the Canadian Wheat Board. Farmers are frustrated. They are very concerned about what is happening.

If we are to have an effective marketing tool, we must begin to make some of the changes which Reformers have been asking for. This process does not facilitate that. Sending the bill to committee now is simply another delay tactic as far as I can see. I do not think the debate this morning will facilitate the changes which need to be made to the Canadian Wheat Board.

**Mr. Julian Reed (Halton—Peel, Lib.):** Mr. Speaker, the hon. member for The Battlefords—Meadow Lake made a statement about committees being inaccessible to members and therefore many members will not be able to debate the bill when it is before the agriculture committee.

• (1200)

I would like to correct the record and point out that every member in the House has entitlement to speak at any standing committee. There is absolutely no restriction. For the hon. member to make such a suggestion is fallacious to say the least. To my hon. friends across the way, when this bill goes to committee, these concerns can very definitely be aired.

The bill makes changes to the Canadian Wheat Board. It gives farmers more power on the wheat board. The suggestion of my hon. friend from Yorkton—Melville about the demurrage charges when wheat is not getting through to load the ships right now is rather interesting. I wonder where he would like to lay those charges.

**Mr. Breitzkreuz (Yorkton—Melville, Ref.):** On the railroads.

**Mr. Reed:** On the railroads. I notice his leader made that statement in the press. I suspect the next move his leader will make is to call for the railroads to be taken over again by the government so those charges can be absorbed out of the public treasury. Is that what the hon. member wants?

One of the wonderful things about the wheat board and the service that it provides to grain growers is that it allows them in times of difficulty to level out those costs. Right now when grain prices are relatively higher than they have been in a number of years—

**Mr. Breitzkreuz (Yorkton—Melville, Ref.):** No, they are not.

**Mr. Reed:** Yes, they are and the hon. member knows it if he watches the grain prices. The temptation and the desire is always there to want to escape from the wheat board and deal independently. When prices are low then that opinion shifts and some of those grain growers want the protection of the wheat board again.

They want a dual system where grain can be marketed independently or not. How in the world is the wheat board going to survive in that situation? In a year of higher prices there will be a shift

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away from the wheat board and all those employees and all the wonderful infrastructure that is set up to market wheat sits idle. Then in a year when prices go down there will be a run back to the wheat board again and all of sudden it has to get back in gear.

It is totally unacceptable to operate in that way in international markets. Either we go all the way in marketing grain outside the wheat board or we keep the wheat board. Let me tell the hon. member that as long as there is a majority of farmers in Canada who want the wheat board maintained then the wheat board will be maintained. If there was a great movement away from the wheat board, if the majority of farmers did not want the wheat board, the government would not be forcing it down their throats.

My hon. friends will have all sorts of time to debate this at the agriculture committee. They will be able to go there whether they are members or not and sit down to express their concerns. They will be listened to. I happen to sit on that committee and I will make sure that they are listened to.

**Mr. Charlie Penson (Peace River, Ref.):** Mr. Speaker, I am happy to take part in the debate today to discuss Bill C-72 which makes amendments to the Canadian Wheat Board Act and to move those discussions to committee.

• (1205)

My son and I and our families operate a 1,500 acre grain farm in Alberta in part of the area designated to be under the Canadian Wheat Board. I have a lot of colleagues on this side of the House who are farmers as well and who have experienced firsthand the Canadian Wheat Board's operation. It always amuses me to hear speakers, like the hon. member from Ontario who spoke just before me, express their views on how great it is under the Canadian Wheat Board when they have not had any actual experience under the board. Ontario is exempt from being under the Canadian Wheat Board operations, and I know there is another member from Ontario ready to speak here.

Between the members who are not under the board's operation and the lawyers from the other side who extol its great virtues, it seems they are being a little hypocritical. If it is so good, why does the Canadian Wheat Board not operate in Ontario and Quebec as well?

Bill C-72 has been very badly drafted. It will enhance the control and power of the minister of agriculture. That is exactly the opposite of what is wanted in the agricultural community currently under the Canadian Wheat Board. It is so bad that the minister should resign. It is not just for this reason. The minister has established a clear record in the past three and a half years since he has come to this Parliament and become the minister of agriculture. I will go through items and suggest that he has failed on every account. He has made those on all sides of this issue angry at him

for the way he handled the amendments to the Canadian Wheat Board and the whole marketing debate throughout the prairies.

Some historical background is necessary in order to talk about the Canadian Wheat Board with some knowledge. The Canadian Wheat Board was established in 1917 during the first world war as a war measures act. I can understand quite fully why that would be. In a war you want control over food supply. We had some commitments to Britain at the time and we wanted to have stable prices during wartime.

After the first world war the Canadian Wheat Board was disbanded as it should have been. The grain trade operated in a free market economy until 1935 when the Canadian Wheat Board was re-established. It was brought back as a dual market with private grain trade. It operated in that way for eight years until the beginning of the second world war. At the height of the second world war, in 1943, the Liberal government decided that the Canadian Wheat Board should be brought back in a monopoly capacity. There again was the factor of war conditions.

I support the move that was made at that time. We were supplying grain to Britain again. We were supplying grain to our allies. We wanted the price to be kept down in order to support the war effort.

However, after the war other factors became involved. There were some five-year contracts. As one of my colleagues said earlier, Mitchell Sharp, who has been a minister in government, has been quite critical of the fact that the board continued as a single desk agency when it was not required after the war.

That sets the context for the debate that has taken place in western Canada for the past several years. The debate is all about marketing choice. Some farmers want to pool their products, have the Canadian Wheat Board do their marketing for them and accept an average price. Farmers on the other side of the issue want to market their own grain. They think they can do better than the board is doing. They have their own special needs. It may be that they have a big farm payment to make at a certain time of the year and need cash flow when some of their neighbours may not need it.

That is the debate that is taking place. It is a matter of whether we should have complete restrictive measures and marketing through the Canadian Wheat Board or whether there should be choice. I understand fully both sides of the issue. We live in a free democratic country and my belief is that farmers should be given the choice to either haul to the Canadian Wheat Board and accept an average price or to go on their own. I suggest that farmers will decide with their produce which system they like best. I think it should be left that way.

This is the background to that issue. In the last three years, the Liberal government has taken away the subsidized Crow freight rate even though our competitors have not removed subsidies to the same extent that this government has. We have moved faster than all our international obligations suggest we need to. These days

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farmers are paying the full cost of freight. As such, they have had to scramble to try to find the best possible market prices in order to survive. Many of them are doing just that.

• (1210)

However, I suggest that the minister of agriculture is tying one hand behind the back of those farmers who want to survive. He is suggesting that the farmers simply could not market their wheat and barley internationally. He is saying that it is not possible. I think he is actually suggesting that farmers are not smart enough to do that.

Let us look at the facts. I farm myself. We market a number of products, my neighbours market a number of products already and there are companies out there that facilitate that. Canola is right up there in terms of dollar value with wheat as to which is the biggest export outside the country in dollar value per year. Canola is not marketed through the Canadian Wheat Board. Peas are not marketed through the Canadian Wheat Board. Farmers are marketing these products: fescue, clover, flax, rye, lentils. The list goes on. They are marketing beef. There has been a 40 per cent increase in the export of beef since the free trade agreement. The wheat board does not have to do that. There is no monopoly situation. It is a market economy.

For those who want to market through the Canadian Wheat Board and accept a pooled average and not have to do their own research and marketing, I suggest they keep that method in place. However, for those who do not want to market through the wheat board but want to look for other alternatives, that should be a matter of choice.

This brings us to the current round, 1993. Let us go through the list. Besides losing the Crow rate, the minister decided to increase pressure on the grain marketing debate and set up a grain marketing panel about a year and a half ago. This was a hand-picked Liberal panel. The chairman of the panel is a Liberal buddy of the minister of agriculture. I am sure the minister thought this guy would do what he wanted and come up with a favourable report. In fact, I think maybe that was the original plan.

However, once farmers and farm groups started making presentations to the panel, the members of the panel had their eyes opened up. In fact, there was so much demand for the panel to travel to different parts of the country that it had to finally agree to go to Edmonton and Regina. It was just going to hold hearings in Winnipeg.

In my riding, a group in the Grand Prairie-Peace River area said it did not make sense travelling to Winnipeg to make a presentation to the committee. Surely the committee should be out listening to the farmers in their communities. Some kind of compromise was

reached and the panel ended up going to Edmonton. The panel was not even anticipating that in the beginning. However, there was so much pressure from producers that is what happened.

Members of the panel had their eyes opened up and, to their credit, they wrote a credible report suggesting that compromises be reached in certain areas and a consensus be reached in certain areas. They then made a series of recommendations. However, the minister of agriculture did not comply with those recommendations. In fact, he even refused to meet with the panel to discuss its recommendations. That is how contemptuous he was because the panel did not write the kind of report he wanted.

Further to that, the panel had recommended that barley should be outside the Canadian Wheat Board. However, the minister could not accept that and decided to hold his own vote. He knew from an Angus Reid poll he had taken earlier that farmers wanted a choice in how they marketed their barley.

He knew he could not ask the farmers whether they wanted a choice in how they marketed their barley because he would lose and that was not what he wanted. Therefore, he designed a question that was all or nothing: Do you want to deal with the Canadian Wheat Board on all sales of barley, malt or feed grain, or do you want to have the board not involved in any of that and deal with the entire free market?

That is not the debate that is taking place out there and this ballot, when it is finally tallied and the minister gets the result he wants, simply will not end the debate because it has not addressed the real issue.

**Mr. Hermanson:** A dishonest question.

**Mr. Penson:** Absolutely. That brings us to the amendments to the Canadian Wheat Board Act that the minister has decided to bring in. What are the amendments? They give more control to the minister and the government, more control at a time when they are asking farmers to accept more risk. That is not tenable. If members look at this legislation they will see countless times that different matters "have to have approval by the minister of agriculture and the Minister of Finance".

• (1215)

Specifically, section 18(1) has been added to the act, requiring the directors of the new board to follow any directions given to them by the governor in council. It is apparent that the board has become merely a puppet board to be controlled by the minister of agriculture.

In conclusion, it is absolutely essential that the agriculture committee travel to western Canada. It will fill its members' ears as should be because this is a badly drafted piece of legislation and does not reflect what farmers want. I encourage the committee to

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take as much time as possible and travel where people live to discuss this as a very important issue to farmers.

**Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.):** Mr. Speaker, I would like to address two issues that have not been fully discussed in this debate on Bill C-72.

First I would like to put to rest, once and for all, an issue some have raised which really is a non-issue. I am referring to the notion that this proposed legislation either rescinds or intends to rescind the existing free interprovincial movement in the domestic feed grain market.

Grain farmers in western Canada have been able to sell feed barley and feed wheat domestically in designated areas on a private basis outside the Canadian Wheat Board since the government passed an order in council way back in 1974. It is not being changed.

This point has been made a number of times: in the policy announcement the minister of agriculture issued October 1996, in printed material circulated to all farmers in December, in comments the minister made in this House, in remarks he delivered at a meeting last month of Alberta's Wild Rose agricultural producers, and in a statement he made in Regina on January 21. Officials of Agriculture and Agri-Food Canada also reiterated the point that the existing domestic feed grain market is not being changed.

The minister said in a statement on January 21: "Those who persist in raising this red herring are mistaken".

**Mr. Hermanson:** Do you even know what you are talking about?

**Mr. Calder:** Yes, I do. If you want to listen, you will understand. The argument appears to be based on the idea that by repealing paragraph 46(b) of the existing Canadian Wheat Board Act that we are repealing the legislative authority for the order in council which authorizes free interprovincial trade in feed grains in the designated areas. Consequently that order in council would be null and void. This is not true and I will try to explain now why.

The order in council has nothing to do with that paragraph of the Canadian Wheat Board Act. It is not even mentioned. Several other provisions in the act are cited. It is as necessary, legislative authority, but not paragraph 46(b); therefore there is no substance to the suggestion that repealing this paragraph somehow undercuts the order in council.

If members do not want to take my word for it they can look it up in the SOR/93-486 on pages 3872 and 3873 of the *Canada Gazette* Part II, Volume 127, Number 20.

Even if the order in council did rely on paragraph 46, it would still be valid unless it were inconsistent with the new act as amended. Since this is not the case, the order in council is not in jeopardy.

Again I quote the minister's own words: "It is not now and has never been the intention of the Government of Canada to restrict trade in the domestic feed grain market which was liberalized in 1974".

This simple point is adamantly clear from the very wording of the questions that are being asked in this winter producer vote about barley marketing. The continuing existence of the domestic feed market is written right into the words on the ballot.

I hope this ends this discussion, but if it does not and if a reasonable doubt about this issue surfaces during the standing committee's detailed study on Bill C-72, the minister has already assured the sector that he would be happy to receive the committee's advice regarding what its members believe should be done to make the point even clearer.

• (1220)

The other matter I would like to raise is the legislation introduced last November to amend the Canada Labour Code. Grain exports are very important to Canada in earning foreign exchange. These sales are of course dependent on our ability to deliver high quality grain consistently on time.

Most of the time we have been able to do this but there have been several occasions when work stoppages at western ports have significantly curtailed grain exports. Since 1972, for instance, there have been 12 work stoppages that have adversely affected grain exports, although on only 3 of these occasions has the handling of grain been the cause of the stoppages. The other 9 involved longshore operations.

The Minister of Labour last November introduced into this House legislation to modernize the Canadian Labour Code, including amendments to the industrial relations section to clarify the rights and obligations of the parties during a work stoppage. The amendments benefit the agriculture and agri-food sector by promoting the continued movement of grain to market and reducing the cost of work stoppages to farmers.

In all, Canadian ports engaged in longshoring and other ports activities as tugboats and mooring for instance would be required to continue providing services to grain vessels if they become involved in a work stoppage. Grain handlers and their employers retain the right to strike and lock-out. I am pleased that this legislation will help ensure that farmers can get their grain to the market in the event of work stoppages at Canadian ports.

The agriculture and agri-food sector is one of the most significant sectors of the Canadian economy. If we continue to work co-operatively with this sector to improve the way we operate, I am confident that this sector will generate more growth, more wealth,

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more trade, more jobs and more innovation for all Canadians. There can be no doubt that we are living in an era of unprecedented change, change that is occurring at a faster rate than we have ever experienced before. That change is driven in part by a shrinking world brought about by new world trade regulations and new world trading opportunities.

For 61 years the Canadian Wheat Board has been one of the cornerstones of our successes in the agricultural industry. With the changes that we have introduced to build on that success, providing the board with more modern governances and in its accountability to farmers and more flexibility and being responsive to that, farmers will be empowered with more to say in their marketing system, more power to take on the very real challenges and opportunities that lie before us.

The amendments to the Canadian Wheat Board Act that we are currently debating and the changes to the Canadian Labour Code to improving grain handling in the western coast ports will help keep Canada on course into the next millennium.

**Mr. Dick Harris (Prince George—Bulkley Valley, Ref.):** Mr. Speaker, I am pleased to speak on this bill today.

Unlike my very informed colleagues from Vegreville, from Kindersley—Lloydminster, from Yorkton—Melville, from Peace River and from Lisgar—Marquette, I admit I do not have the expertise that they have when it comes to the operation of the wheat board and the history of the wheat board. However in reading over this bill there is one thing I can do: I can smell a rat. There is something that stinks in this bill and I want to talk about those two clauses.

There is something that this minister is trying to cover up before it happens and that is section 3.93(3) where it talks about the directors, the officers and employees of the wheat board not liable for a breach of duty under subsection (1) or (2) with regard to the financial statements, with regard to the operation of the wheat board and with regard to lawyers reports, accountants reports, engineer appraisers reports, all sources that could show the wheat board up for what it is.

• (1225)

What is the minister of agriculture afraid will come out? What does the Liberal minister of agriculture fear so much that he would take the time to put in a clause like this to protect the employees of the wheat board? What is coming down the pike? What does the minister of agriculture know that Canadians and Canadian farmers do not know? Is there something going on there? Is there mismanagement? Is there corruption? Is there criminal activity? One can only assume that could be a possibility when looking at the clauses that have been put in here. What is the minister anticipating?

Section 3.94 stinks like a barn as well: “The Corporation shall indemnify a present or former director, officer or employee of the Corporation or person who acts or acted at the request of the Corporation, and their heirs”—they cover them all—“and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment”—sounds a little strange—“that are reasonably incurred by them in respect of any civil, criminal or administrative action or proceeding to which they are a party by reason of being or having been a director, officer, employee or person” employed by the wheat board.

What is the minister expecting to come down the tube that would justify putting in a clause like this which gives such blanket protection to any director, officer or former employee of the wheat board? It mentions criminal or civil charges.

One has to suspect that the people who are out there taking a good look at the Canadian Wheat Board operation may be getting close to something. Is that the case?

We just heard the Liberal member talk about how good the wheat board is. If the wheat board is so good, if it is doing such a wonderful job for Canadian farmers I would like to ask a question of the member, but I cannot of course. Maybe I will get a reply some time. If the board is so good, why is the board not doing things like putting Ontario corn under the wheat board operation? Corn can be used for food or for feed, much the same as barley can. Why has the Canadian Wheat Board not brought corn into the operations of the wheat board? One wonders exactly what direction the board is taking.

I want to stay on this blanket protection that the minister of agriculture in this bill is giving to all the directors, officers and employees who were ever associated with the wheat board. One only has to say that something stinks in this bill. Is it because the minister of agriculture fears something will stink in the Canadian Wheat Board? Is that why he has tried to give it such immunity and protection in the bill?

**Mr. Hermanson:** There is certainly an incentive to be dishonest.

**Mr. Harris:** As the hon. member for Kindersley—Lloydminster just said, what a wonderful insurance policy for someone if there was an intention to commit some sort of criminal or other fraudulent act or gross mismanagement in an area of trust. It is great insurance to know these things can be done and one would not be touched. I am surprised, given some of the things the Minister of Justice has put out in this House that the Minister of Justice has not come out with something like this for every crook in Canada. For goodness sake, what an insurance policy to have. If I work for the Canadian Wheat Board I can do anything I want with complete immunity from any kind of prosecution, financial compensation or costs. Maybe we should tell the Minister of Justice about this. He could put it in the Criminal Code. He has put a lot of other dumb legislation in the Criminal Code.



• (1230)

Let us be fair to Canadians. If we can give immunity to employees, directors and officers of the Canadian Wheat Board and give them that kind of protection should they wish to be involved in any kind of questionable opportunities, why not be fair, treat all Canadians equally and give it to everyone, including the crooks?

As I said when I started my speech, something stinks in this bill. These two clauses are nothing more than an insurance policy to protect someone who may have some questionable activities in mind. On these two clauses alone the government should take this bill and stick it where the sun does not shine.

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

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

*And more than five members having risen:*

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

*And the bells having rung:*

**The Acting Speaker (Mr. Milliken):** At the request of the deputy government whip, the vote on this motion will be deferred until the conclusion of Government Orders tomorrow.

\* \* \*

## INDIAN ACT OPTIONAL MODIFICATION ACT

On the Order: Government Orders:

December 12, 1996—The Minister of Indian Affairs and Northern Development—Second reading and reference to the Standing Committee on Aboriginal Affairs and

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Northern Development of Bill C-79, an act to permit certain modifications in the application of the Indian Act to bands that desire them.

**Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.)** moved:

That Bill C-79, an act to permit certain modifications in the application of the Indian Act to bands that desire them, be referred forthwith to the Standing Committee on Aboriginal Affairs and Northern Development.

He said: Mr. Speaker, let me first thank my hon. colleagues for considering the motion to move this important piece of legislation to committee for study before second reading.

From the outset this government has sought to form a new relationship with First Nations, a relationship founded on the cornerstone of self-government. We have made significant progress toward that goal and look forward to the day when the inherent right of aboriginal peoples to self-government is fully implemented throughout this country.

While we are working to reach that goal we must also remove existing impediments to the social, economic and political development of First Nations. Some of the provisions of the Indian Act are such impediments.

• (1235)

As self-government negotiations are completed and ratified, and we are currently involved in about 80 different self-government negotiations across the country, the Indian Act will have less and less application to First Nations and no application to First Nations which have concluded their self-government agreements. Self-government will not come overnight and until these negotiations are completed and all First Nations are again self-governing, the Indian Act will continue to be the governing legislation.

For many years the Indian Act has occupied a unique place in the minds and lives of First Nations. It has been seen as both unwanted and necessary, as both offensive and protective, as both a prison and a shield.

In its chapter on the Indian Act, the Royal Commission on Aboriginal Peoples quotes Harold Cardinal, a Cree leader who eloquently sums up the ambivalent feelings that many First Nations have toward this act. Cardinal says: "No society with even pretensions to being just can long tolerate such a piece of legislation, but we would rather continue to live in bondage under the inequitable Indian Act than surrender our sacred rights".

This has been a dilemma. Until now, to move away from the oppression of the act could also have meant moving out from under its protection and from its recognition that First Nations have a unique legal position in Canada which includes a special relationship with the federal government. Not surprisingly, there has been great reluctance to change the status quo, yet the status quo cannot and should not be sustained.

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This situation had to change. The approach had to be different. That is why we have introduced the Indian Act optional modification act. The bill takes a step away from the Indian Act but it does not distance First Nations from their rights under the act, nor does it distance the federal government from its responsibility to First Nations. But just so there will still be no room for confusion or misunderstanding, we have included a non-derogation clause in the bill to emphasize that the bill should not be interpreted to reduce protection of aboriginal and treaty rights given by section 35 of the Constitution, including the inherent right of self-government.

We also recognize that not all First Nations will want to adopt the provisions of this new act. First Nations will want to study this legislation and understand its implications. That is why the entire bill is optional. Those who choose to opt in will be able to apply the provisions of this legislation to local governance and their day to day business. The current Indian Act will continue to apply to First Nations who choose not to opt in. It will also apply to all First Nations in areas where the proposed act is silent.

Why are we providing this alternative to the Indian Act? Why are we proposing the first major initiative with respect to the Indian Act in 45 years? The answer is simple: fairness requires it; justice requires it; circumstances require it. We have no other choice.

The Indian Act reflects an earlier time, a time when First Nations were treated as wards of the state. It was a time when non-aboriginal governments did not trust First Nations to manage their own affairs and to run their own lives. It was a time when big brother in Ottawa was given the authority to intrude and regulate the most minute aspects of the lives of First Nations. It comes from a time when aboriginal religious and cultural beliefs were suppressed and aboriginal demands for justice and land claim settlements were opposed.

Today is a very different time. Does it make any sense in this day and age that I as minister should have the authority to operate farms on First Nation lands, purchase and distribute seeds and decide how to spend the profits? The Indian Act says that I can without the consent of First Nations and without any notice. The Indian Act also gives me the power to dispose of wild rice and dead or fallen timber on First Nations land without their permission. On the prairies, First Nations farmers cannot even legally sell their wheat or other agricultural produce without my consent.

• (1240)

This is absolutely ridiculous and should not be tolerated. This is not the way to engender self-sufficiency. This is not the way to foster a spirit of economic independence. This is not the way to conduct relations with First Nations in this country.

The simple fact is that an option is necessary. It is necessary to get the government out of the areas that should be within the exclusive domain of First Nations. It is necessary to remove barriers so First Nations can create their own opportunities and build their own futures. It is long overdue.

No government should make these sorts of changes to a specific group in society without consulting them and without offering them every opportunity for input. That is why we have consulted widely and why we propose to consult even more broadly through the committee study. That is why we are making this legislation optional.

There is nothing radical in what we propose. The optional modifications are minor but taken collectively they would increase the power of First Nations while reducing the powers of both the minister and the Department of Indian Affairs and Northern Development.

The approach is incremental, to act where there is a base of support and consult where there is not. That is the best way to proceed and that is the way we are going. First Nations and governments agree that discussion and dialogue must continue for that very reason.

It is appropriate that this bill should be referred to the Standing Committee on Aboriginal Affairs and Northern Development before second reading. This referral to committee is important because it allows us to remain open to further changes to Bill C-79. If we were to go the normal parliamentary route and refer the bill to committee after second reading, there would be a perception of greater limits on the extent of amendments that could be made at committee. It is important not to leave that impression.

We believe there is a need for open public discussion. We want the committee to have the freedom to conduct the broadest possible consultation and to have maximum flexibility in its handling of these proposals. By sending this bill to committee now, there will be an opportunity to hold in depth hearings and to consider further additions to and deletions from the bill.

It is time for this House to consider the establishment of a more formal mechanism, an annual review of the Indian Act by the standing committee through which First Nations may bring forward their concerns about particular aspects of the act. In the meantime the government will continue to focus its energies on implementing the inherent right of aboriginal self-government, settling land claims and improving socioeconomic conditions.

The Indian Act optional modification act will give more power to First Nations which will make it easier to get things done. It represents not a destination but a means to take us there.

I have had this job for three years. I thought the trail of tears aboriginal people have travelled down for hundreds of years was just that, a trail. It is not a trail. On the way back they thought it was a trail but it is a wall. I see aboriginal leaders across this country

almost taking spikes in their hands and driving into that wall to get over it. We have to destroy that wall. I do not care if the UN has said for three years in a row that Canada is the best country to live in. Until we have destroyed that wall, until we can bring aboriginal people back to where they were at the time of the first encounter, we do not deserve that title. This is one way to a better and more equitable future that we can all be proud of as Canadians.

[Translation]

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, I would say right off that the minister's plan of action is somewhat incoherent. I will elaborate a little later.

To announce today that this bill is going to amend the Indian Act, which the government has been saying it wants to get rid of for the past three years now, and to say that consultations were very broad, when 550 of 600 native communities in Canada are opposed, is a bit misleading.

• (1245)

I would say first off that the Bloc Quebecois will oppose this bill and the fast track approach. Things are not being speeded up to give the committee a better opportunity to introduce amendments, but to have the bill passed quickly.

I also find it odd that the bill is before the House on the very day the budget is being presented. There is a whole circus underway outside the House, and everyone is focussing on the budget and not on this bill. I think the minister has created a smoke screen. There is a historical context. Before we know where we are going, we have to establish where we are. We have to set out the background.

Before the Europeans came to North America, as the great capitals of the 14th and 15th centuries, like London and Paris, gained international stature, they had no idea that there was another continent with a native population spread across its entirety. There was no problem, because the two continents perhaps had no knowledge of each other.

The problems began at the moment of contact. I am talking about the period that goes from the 16th century to the 19th century. Curiosity and mutual mistrust are normal when two civilizations first meet. Neither knows what the other wants and what the others are up to. There is a period of adjustment. Gifts are exchanged, items are traded—a bit like today's diplomacy. That is the way it was at the time.

These relations evolved. Eventually, relations were established between the First Nations and the Europeans in a wide range of

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areas, including not only trade but also military co-operation and coalitions. This marked the beginning of the whole treaty era.

Of course, on one side there were the Europeans, vested with the authority of their king and equipped with their seals to stamp on the treaties they signed, while the aboriginal peoples, on the other side, had a totally different philosophy.

In fact, I have a few lines to read you because references are often made to the wampum and I think it is important to explain what it is. The aboriginal peoples' philosophy is clearly explained. Their equivalent to the royal seal was a wampum exchange.

A white wampum background symbolizes the purity of the agreement. Two rows of purple beads represent the spirits of our respective ancestors.

They had respect not only for their own ancestors, but also for the ancestors of those they were dealing with.

Between these two rows are three wampum beads symbolizing peace, friendship and respect. The two rows represent parallel paths, two boats moving side by side on the same river. One is a birch bark canoe, representing the aboriginal people, with their laws, customs and traditions, and the other is a ship, representing the white people, with their laws, customs and traditions. We travel together, but in our own boats. Neither shall try to steer the other's boat.

That was the aboriginal peoples' philosophy, a far cry from that of the Europeans who were thinking in terms of *terra nullius*, land waiting to be conquered. The treaties were signed in good faith by the aboriginal people. They may not have stamped a royal seal on them, because the custom in those days was to exchange wampum.

Then there was the royal proclamation, and, again, the paternalistic tone the minister uses was very prevalent at the time.

Let me read you an excerpt of the royal proclamation: "And since it is fair, reasonable and essential to our interests—the crown's interests—and to the safety of our colonies—the crown's colonies—that the various nations of savages—as they were called back then—with whom we have some contact and who live under our protection, be neither disturbed nor bothered regarding the ownership of such parts of our domains or territories that were neither bequeathed to us, nor bought by us, these areas are reserved for their use as hunting grounds—" and so on.

This gives an idea of the tone. What is important however, is that, at the time, native people felt this was from nation to nation. They considered that the king was dealing on those terms, even though the tone was definitely paternalistic.

It is in regard to the issue of protection that the federal government resorted to subtleties and developed its scheme to assimilate native people.

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• (1250)

In the 19th century, the quasi-equality began to erode. The famous immigration policy was in effect, and boats full of people kept arriving on the continent. By 1812, there were ten times more new immigrants than natives, because the latter had been decimated by various diseases.

The fur trade was also suffering badly. So, the colonies, the Dominion, no longer needed the manpower provided by native people for the fur trade. Things began to change. The economy's new sectors were the forest, wood, agriculture and mining industries.

Then the natives started to be perceived as people who should be removed. With the new economy, native people became an obstacle to the federal government, and I dare say that, given the measures that are being taken and the paternalistic attitudes of this government—they are almost hereditary in government—things have not changed much. The idea that Europeans were superior continued to develop.

The minister is telling us that he will ram through these amendments to the Indian Act. Why is he doing that, if not because he has some authority and is making full use of it in deciding the future of Canada's native people? There are some 500,000 native people in Canada. The minister is saying: "I have the authority. I know you are against this measure, but I will do what is good for you". Things have not changed much since the early days of the colonies.

At the time, the subtlety was in using the famous protection of the royal proclamation, which, for the government, for the Dominion, became a domination-assimilation process. And then the machinery of assimilation kicked in.

In 1849, government, democratic institutions, did something terrible: they created residential schools. The government began taking children from native bands and putting them in residential schools in order to stamp out their culture and their language, so that they could be assimilated with immigrants, who were ten times more numerous. White people outnumbered native people ten to one at the time.

In 1867, a date we keep hearing in all the praise coming from the Liberal party and from all the federalist parties, the Constitution of Canada was signed by the Fathers of Confederation, but no natives were present. In fact, the then newly elected Prime Minister said he wanted to do away with the band system and completely assimilate Indians into the Dominion.

So now we can see a little better why the government at the time felt it had to stamp out the native system of government. It was at this point that the Indian Act, which is completely consistent with Confederation, was introduced in order to regulate all aspects of native people's lives. Not only were children placed in residential

schools but, as well, native peoples were told: "Your governments will no longer operate like that. You will elect them in the manner we tell you. We will drive you from your lands sometimes and, if there is no game in one location, we will send you somewhere else. We will decide". In addition, if there were important minerals in a particular location, the government said: "There is no longer any game in this location, so we are going to send you elsewhere", using that excuse to move them so they could make money.

Things went on this way. These displacements were considered to be "in the national interest" at the time.

In 1969, the present Prime Minister, then Minister of Indian Affairs, presented his white paper. It was the same thing all over again: the machinery of assimilation continued forward. He said the Indian Act would have to be abolished. We are hearing the same thing from the minister today. This was the equality they were talking about. Once again, native peoples rose up.

Finally, the native peoples took charge of their destiny. There was an international movement and, relying on the legal aspect, natives began to say: "There are people elsewhere on the planet who are victims just like us". Finally, the Supreme Court and the superior courts in each of the provinces kept handing down decisions in favour of native peoples, with the result that, in 1982, the government had to add to the Canadian Constitution section 35, which protects their ancestral rights.

This is the tradition in which the minister follows. He has not kept the promises in the red book. Furthermore, David Nahwegahbow and Russell Diabo, who wrote the book themselves, said: "They broke their promises, so we are withdrawing".

There were phoney consultations, as I have said. In addition, 550 aboriginal communities want nothing to do with this bill, but the minister is forging ahead anyway, confronting the opposition parties, the official opposition and the Reform Party, and flying in the face of the philosophy contained in the Erasmus-Dussault report.

History will judge the minister. It is not too late for him to do something. If he withdraws his bill, perhaps history will remember him as someone progressive, but if he goes ahead, he will be seen as part of the machinery of assimilation like all the others.

• (1255)

[English]

**Mr. Garry Breitkreuz (Yorkton—Melville, Ref.):** Mr. Speaker, I am pleased again to speak to Bill C-79.

I attended the news conference when the minister introduced this legislation. I was not impressed then and I now have had the chance to study the bill and I am still not impressed.

I listened with interest to the minister's concluding remarks. He talked about the need to destroy the wall. Yes, there probably is a

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wall there called the Indian Act. The only way it will be destroyed is to repeal the Indian Act.

However, I do not think that is a good analogy. This is a pit. It is a pit that we have put the aboriginal people into and they cannot get out. Now we are providing another pit, we are giving them a choice between two pits by introducing Bill C-79.

After the minister spoke at the news conference, Assembly of First Nations Chief Ovid Mercredi spoke on behalf of 500 Indian bands which oppose this legislation. He said "we do not like Indian act No. 1, why should we like Indian act No. 2?". He was referring to this. He referred to the Indian Act as a cage. He said "why should we be happy because the government says 'look at the new cage we made for you?'"

The minister of Indian affairs promised to amend the Indian Act. Bill C-79 is not an amendment to the Indian Act. It is an act that allows Indian bands to opt out of the current Indian Act and into a new one.

Specifically, Bill C-79 removes the need for ministerial approval for the sale of agricultural products and certain artefacts. It is not clear whether they can also bypass the Canadian Wheat Board, which we were debating earlier this morning. The question should be answered about whether they would have to comply with the regulations of the Canadian Wheat Board.

Additional bylaw making powers are conferred on band councils. Fines levied for violation of the Indian Act, the regulations or band bylaws are increased to \$5,000 and are payable directly to band councils. None of this revenue needs to be accounted for nor does it have any effect on the amount of tax dollars flowing into the community. Again, we need an answer. We need to know why this is so.

Bill C-79 allows bands to create a voluntary ticketing scheme in order to expedite law enforcement.

Also by virtue of Bill C-79 the minister, rather than the governor in council, is given the opportunity to set aside elections. The term of office for a chief and council is extended from two to three years. This will not make many of the native people I know who are living under anti-democratic band councils very happy.

The minister is authorized to enter into agreements with band councils for educational purposes. It seems this is already happening. Is the minister simply putting into legislation what is already happening today, legitimizing it?

The minister's authority for road construction and repair is removed in Bill C-79. However, the bill does not say who will be responsible and liable for public safety on these roads and bridges under band control. There are a lot of unanswered questions.

Bands are now given the authority to manage natural resources on band held land. However, the revenue flowing from these resources is once again unaccounted for. Nor will this revenue reduce the amount of grants and contributions flowing from the federal government. The fundamental relationship between crown and aboriginal peoples is not changed.

Bill C-79 includes a non-derogation clause. Aboriginal treaty rights remain protected under section 35 of the Constitution. Nothing in Bill C-79 affects taxation, Indian registration, band membership or the protection of reserve lands. Bill C-79 is like its cousin, Bill C-75.

First Nations land management which was introduced December 10, 1996 creates two categories of bands with special status for those who opt into Bill C-79.

Bill C-79 does not meet our party's litmus test for equality, financial accountability or democratic accountability at the band level. Those are the three tests with which we measure legislation.

Bill C-79 is the first bill introduced by the minister that is not an initiative of the previous Tory administration. Bill C-79 does not fulfil the minister's promise to amend the Indian Act. Bill C-79 stands on its own. It is not an amendment to the present Indian Act.

● (1300)

Bill C-79 was rushed to fulfil a promise and respond to the royal commission on aboriginal peoples. Review by justice officials is suspect because changes were being made until the evening before it was tabled.

The Assembly of First Nations claims that only 100 of the 600 First Nations support Bill C-79. Bill C-79 does not bring democratic equality, and raises serious concerns with powers granted to chiefs and councillors.

Bill C-79 does not bring financial accountability and reduces the minister's scrutiny. The auditor general is still excluded from auditing band books, just like he is excluded from scrutinizing the Canadian Wheat Board.

Bill C-79 will probably be constitutionally challenged as a consequence of this opting in provision. It will create a bureaucratic nightmare and a field day for lawyers and consultants. That is a major concern of ours.

Like Bill C-75, it lets the minister off the hook and allows him to wash his hands rather than take on those elements of the Indian Act that warrant amendments and/or repeal.

Canadians, both native and non-native, were looking for leadership and vision. They got neither. Why is the minister afraid of giving equality a try? Here are some of the crucial steps we need to take toward equality. When I talk about equality, it does not mean assimilation.

The Indian Act must be repealed and replaced with legislation that will move us closer to true equality. Maybe we should call it

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the equality for Indians act. We need to agree on a definition of self-government, something that has not happened.

The majority of Canadians, including grassroots Indian people, will support aboriginal self-government as long as the federal government's relationship with Indian reserves is similar to the relationship between provinces and municipalities. Most of Canada's aboriginal people—there are about 500,000 of them—already live in municipalities under provincial jurisdiction. The federal government retains responsibility for about 350,000 treaty Indians currently living on reserves or crown land across Canada.

Treaty Indians deserve the same rights and freedoms and should share the same duties and responsibilities enjoyed by the tens of millions of municipal residents across the entire country.

For self-government to work, Canadian law, including the charter of rights and freedoms, must apply equally to aboriginal people and Indian governments. We cannot have two systems.

Local Indian governments will never be truly democratic nor financially accountable until and unless a normal local government to taxpayer relationship is established. The federal government must make treaty entitlements payable in part directly to individual treaty Indians living on reserves. The local band administration could then establish a local tax system to pay for local services. Government payments for welfare and housing could easily be transferred in this manner. All treaty entitlements and benefits should be considered a taxable benefit in accordance with the Income Tax Act.

Every treaty Indian should pay income taxes, excise taxes and the GST, just like every other Canadian. Every treaty Indian entitled to compensation benefits or services promised by a treaty should have the choice of receiving those entitlements directly from the federal government or through local Indian governments and should be able to exercise this option at any time.

Both the federal government and the Indians should fully honour the commitments they made to each other in the treaties. Land claim settlements should be negotiated publicly. They should outline specific terms. They should be final. They should conclude within a specific timeframe and they should be affordable to Canada and the provinces. All reserve or settlement lands should remain part of a sovereign Canada.

There should be public discourse on the value and extent of all land claims. That should be the first step in addressing Indian land claims. For the equality alternative to work, every treaty Indian entitled to land under the formula articulated in each treaty should have the choice of taking personal possession of the property or having the land held in common and administered by the local Indian government.

• (1305 )

Any treaty Indian who wishes to permanently move off the reserve should have the option to negotiate with the government a personal compensation package to help with the transition to a new job and a new life living off the reserve. The compensation should constitute a fair exchange for treaty entitlements.

Bill C-79 creates two classes of natives. It will make the equality and accountability issues worse, not better. Like Bill C-75, it will become a bureaucratic and constitutional nightmare, further dividing natives and non-natives, creating a money pit for lawyers and consultants. The best thing we could do is to let Bill C-79 die on the Order Paper.

**Mr. Julian Reed (Halton—Peel, Lib.):** Mr. Speaker, there is an ancient Oriental proverb that most of us know by heart: the journey of a thousand miles begins with the first step.

Three and a half years ago the Minister of Indian Affairs and Northern Development took the first step, the second step and the third step and moved into an area that had not been tackled with a view to making great progress, as he has in the last three and a half years. The minister must be commended for his vision, determination, hard work and the level of consultation that he has had over these years with every Indian band in Canada.

It is a privilege for me to speak to the motion on Bill C-79, which is designed to refer the bill to committee for further input, consultation and possibly for further amendment. The bill addresses concerns too long ignored and inefficiencies too long endured. It presents First Nations with an option. If they want they can remove themselves from certain parts of the Indian Act or they can choose to continue under its provisions.

The design of the bill is to reduce the powers of the Minister of Indian Affairs and Northern Development and put more authority for the day to day management of their affairs into the hands of the First Nations.

Some have suggested that the government has not adequately consulted before introducing this legislation. Those people would like to see more delay, more paper shuffling, more hand wringing, with a view to living with the status quo. That may be good enough for some members, but it is not good enough for the First Nations. It is not good enough for the minister. It is not good enough for the government.

The truth is that the Government of Canada has been trying to improve the Indian Act not just for one year, two years or three years. It has been trying to fix it for 50 years. Minor tinkering began almost immediately after the Indian Act was passed in 1876. Since then there have been a number of attempts to make the act more relevant, more just and more responsive.

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The first major series of amendments came in 1951, following a report by a joint committee of the House and the Senate. These amendments were far reaching, but they still did not change the fundamentally paternalistic nature of the original act. While the minister's powers were reduced, they still remained extensive and intrusive.

Efforts were made again in 1960 with a commentary on the Indian Act prepared for a joint committee. This report was not taken up and the act remained unchanged.

In 1969 extensive consultations took place examining the whole relationship between the government and the First Nations. In their submission the United Interior Tribes of British Columbia said something which everyone then and everyone now knows to be true. "The Indian Act is definitely not the answer to the problems of the Indians of today". That was in 1969. Just as the Indian Act was failing First Nations then, it continues to do so today.

• (1310)

The Indian Act was revisited in 1970 when the Alberta chiefs released their citizens plus report. That report recommended amending but not abolishing the Indian Act. No amendments were made and the status quo continued.

In 1982 the House established a parliamentary task force on Indian self-government. This task force included, as ex officio or liaison members, representatives from the National Aboriginal Association as well as the Native Women's Association. It tabled its report, commonly known as the Penner report, in November 1983.

If implemented, that report would have fundamentally altered the relationship between First Nations and the federal government. The Indian Act would have become largely irrelevant, but again there were few results to show for the effort and the Indian Act remained in place.

Further consultations were held with chiefs across the country and the government produced legislation in 1984. Unfortunately First Nations opposed that bill and the legislation died after second reading.

The government of the day introduced another bill, C-31, the very next year. That legislation dealt with several specific provisions of the Indian Act which discriminated on the basis of gender and made the application of the act much more equitable. That legislation passed but the underlying problems of the act remained unchanged.

In 1986, the auditor general conducted the first comprehensive audit of the Department of Indian Affairs and Northern Development. That report focused on lands, revenues and trusts, areas governed by the Indian Act. As a result of the auditor general's report, the department undertook an extensive review of these

areas, culminating in the government's introduction of Bill C-115. The amendments proposed by that bill grew out of recommendations by the Kamloops band in British Columbia.

These recommendations had been studied by the government and band councils and were then referred to all chiefs, provinces and MPs for comment. From April to December 1986, further consultations were held with bands, organizations, provinces and federal officials. These amendments, known as the Kamloops amendments, were finally passed into law in 1988.

It was also in 1988 that Bill C-122 was introduced. This legislation was aimed at a very narrow issue with respect to the Indian Act emerging from a report of the standing joint committee on regulations. That bill did not proceed beyond first reading.

Further modifications were made to the Indian Act in 1988 through Bill C-123, which dealt with the provision of support for minors and Bill C-150 which cleared up a technical error which was discovered in 1985 Indian Act.

We come to the present time. I have gone into some detail with respect to the past efforts to alter the Indian Act because it is important to put the Indian Act optional modification into perspective. The legislation before the House has its genesis in many years of frustration, many years of study. Government after government has revisited this issue. Government after government has consulted, debated, reviewed and considered. The Indian Act has become one of the most studied pieces of legislation in our history. However, all that study has produced few results.

We find ourselves in 1997 with an act that has remained largely unchanged since 1951. We find ourselves with an act that First Nations understandably find demeaning. We find ourselves with an act that treats First Nations as wards of the state and which gives the minister authority to intervene and intrude in the lives of First Nations' communities.

The time has come to provide an alternative, to begin to step away from the paternalism of the Indian Act. Before introducing this legislation we conducted our own consultations with First Nations and I will briefly review that process.

• (1315)

The minister first raised the idea at the Alberta chiefs summit in March 1995. The next month he wrote to every chief, councillor and leader of First Nations organizations asking for their views and suggestions about changing the act, the one step at a time along that journey as described in the Chinese proverb.

Based on numerous discussions with First Nations and the input he received, in September 1995 a package of proposed—

**The Acting Speaker (Mr. Lincoln):** Excuse me, would the hon. member conclude as your time is up.

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**Mr. Reed:** Mr. Speaker, I do not want to hold up the progress of the House.

In conclusion, the minister has carried this vision along this journey and these amendments which are very important will go to committee, will be discussed and if necessary will be amended. We hope that the minister's dream will be realized.

[*Translation*]

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, I was wondering about the timing of this bill, but I hear my colleague for Halton—Peel referring in his conclusion to the fact that the minister has finished his journey.

Yet this bill, Bill C-79, merely amends the act of which we all are ashamed, the Indian Act. This act infantilizes aboriginal people, makes them into incapable minors. It imposes upon them a government system which, to all intents and purposes, has been such that some of them have lost their own system of government, or are unable to make use of it. With this bill, the native peoples have been more or less forced, in a roundabout way, to accept that.

What I find the most shocking in this bill is the nastiness of its nature. It holds out a few little goodies and forces band councils who want them to accept the principle of this hated act, an act which is, in their eyes, a symbol of subserviency.

This bill is shocking for other reasons as well. It is also shocking because no one among those who addressed the aboriginal question, as a commission or otherwise, has thought that not only the solution, but the beginning of the path toward a solution, lay with amendments to the Indian Act.

Yet the red book, with its generosity, its understanding, its compassion, with all the illusions that it held out, never made any reference to even minor amendments to the Indian Act. Now we find the minister wanting to be able, on the eve of an election, to say: "Mission accomplished". There is one thing you can be certain of: he will not be able to count on us to help him be able to say that.

The native people of Canada—if I may use that term—have a lot of grievances. I have long had an interest in these matters. I was a minister in the Lévesque government when René Lévesque gave official recognition in the National Assembly to the ten Indian and Inuit nations. This arose out of a process begun in 1983 when representatives of the aboriginal groups were brought together and certain proposals were advanced. Not all were judged to be enough, but this did mark the beginning of a process of change.

Obviously, as on the one hand the Indian Act was supreme, and on the other a process of transformation was initiated, beginning on

the federal level with the Penner commission and later with the Erasmus-Dussault commission, the native people of Quebec chose to respond: "Very nice of you to offer, but we will continue to call for recognition on the federal level of the rights we feel we are entitled to". In Quebec it was felt this was a valid option.

● (1320)

But what has happened since then? Not long ago we had the Erasmus-Dussault report which is far removed, I would say light years removed, from Bill C-79. We hear nothing about this report. We do not know where it has been shelved, and what we see now is this pitiful excuse for a bill which hardly deserves to be called even an attempt to deal with aboriginal issues.

Meanwhile, in Quebec, the Parti Québécois, which later formed the government, worked hard on preparing proposals for aboriginal people, proposals that were made to the various groups, to the leaders of aboriginal communities. What we have managed to do is create an opportunity for change that would get rid of the Indian Act once and for all and let each community, moving at its own pace, take over the management of its resources, develop its economy and become aware of the need to protect the environment beyond the limits of its territory, and I am sure aboriginal people in Quebec are starting to understand.

They are starting to realize that it will be in their best interests to negotiate with the government of a Quebec that is sovereign, because if they wait for Canada to deliver on its futuristic promises, they will never get anywhere.

Even today, and this is not something to brag about because much remains to be done about improving the circumstances of aboriginal people, but anyone who is aware of these issues knows perfectly well that aboriginal people are much better off in Quebec than anywhere else, whether we are talking about knowledge and retention of mother tongue, demographics, education or the poverty rate.

We also had the James Bay agreement signed by Robert Bourassa which remains a model of its kind. In spite of the unhappy events in Oka, which I will not discuss here, there is no comparison between the relationship between Quebecers and aboriginal people, although coloured by a past which both sides have to live with, and what we see elsewhere.

It is unfortunate that this government, instead of making real progress on aboriginal issues, and we can draw a parallel here with the national question, preferred to take the easy way out, an easy way I would call pernicious because it will force aboriginal communities to go along with the fundamental principles of the Indian Act if they want to take advantage of certain changes.



*Government Orders*

I may add that it is rather unusual that this bill is optional. It will be up to the band and the band council to decide, and once they decide to go along with the new legislation, they cannot go back.

• (1325)

Now this can cause major divisions, and here again, the settlement process will remain in the hands of those who administer the Indian Act. Instead of improving, the situation has become even more complex and the future does not look very promising.

[*English*]

**Mrs. Marlene Cowling (Parliamentary Secretary to Minister of Natural Resources, Lib.):** Mr. Speaker, I am pleased to participate in the debate on sending the Indian Act optional modification act to committee before second reading. The minister has already outlined the contents of this legislation. He has referred to the government's overall objective to reduce federal control over the lives of First Nations people.

This legislation does not replace or amend the Indian Act. Rather, it provides an option to parts of it. First Nations can decide for themselves whether to opt for its provisions or to remain under the terms of the Indian Act.

Eventually the Indian Act will no longer be needed. It is outdated. It is paternalistic. It is cumbersome and costly. It gives the minister powers that he does not need. I anticipate that by the time the last nail is driven into the coffin of the Indian Act, very few First Nations will still be affected by it. That is because this government has set in progress a pattern of building self-government from the ground up. So this legislation must be seen within a larger context of the government's efforts to promote the inherent right of self-government of aboriginal peoples.

Over the long history of the relationship between governments and aboriginal peoples we have seen an ebb and flow of self-government. It is not a happy history. It demonstrates a fundamental lack of understanding on the part of past governments. They did not appreciate the sophistication of aboriginal cultures and forms of government. The history of legislation concerning First Nations demonstrates a degree of arrogance and paternalism that causes us today to shake our heads and wonder how governments could have been so narrow minded, insensitive and unfair.

There are five statutes that provide the framework for First Nations policy during the past 200 years. The first was the royal proclamation in 1763 which separated Indian lands from those that formed the colonies. It initiated a process by which Indian land could be purchased. Second was the Gradual Civilization of the Indian Tribes in Canada Act of 1857. Third was the Gradual

Enfranchisement Act of 1869. These acts endeavoured to remove all distinctions between Indians and non-Indians.

Fourth was the Indian Act of 1876, the first to bear that title. It consolidated previous legislation and introduced new provisions. Fifth was the Indian Act of 1951 which followed the recommendation of a joint committee of this House and the other place. It introduced major reforms, including the reduction of powers exercised by the government. Those are the principal statutes but in between these key dates many amendments have been introduced that have had a profound impact on the day to day lives of First Nations peoples.

I will look at some recurring themes within those statutes and regulations. When we look at the way in which the rules have been changed at the whim of successive administrations, this House will get a better idea of why we now want to give First Nations the option to get government off their backs. One of the most important themes is the basic question who is an Indian. By 1876 the definition was someone of Indian blood, or in the case of mixed marriages the definition was a non-Indian woman married to an Indian man.

The 1951 act replaced the notion of Indian blood with the notion of registration. Registered Indians had the right to band membership and could live on reserve. Indian women who married non-Indian men were not recognized as Indians. This was not changed until the Indian Act was amended in 1985.

• (1330)

But the issue of who is an Indian also includes whether the government has a right to decide, whether the government has a right to take away the rights and privileges of an individual Indian. This was the objective of the Gradual Civilization Act passed in 1857. It introduced the notion of enfranchisement. An Indian adult male could obtain the franchise but he would lose his Indian status.

Over the years the government sought to encourage Indians to give up their status by promising them land which they would hold as individuals, not as members of a band. In 1857 the government promised up to 50 acres. How many Indians fell for this? How many were willing to lose their Indian status in return for enfranchisement and private ownership on reserve land? Between 1857 and the passage of the Indian Act 19 years later, only one.

This method of encouraging Indians to give up their traditional ways was not working, so in 1876 the law was changed. In a breathtaking piece of paternalism, enfranchisement was imposed automatically on any Indian who earned a university degree or who became a doctor, a lawyer or a clergyman. Compulsory enfranchisement for all Indians over 21 was taken in and out of legislation frequently over the next 43 years. In 1933 it was again reintroduced and it stayed in effect until the act was revised in 1951.

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What we have here is a record of arbitrary decisions on the part of former governments to try to destroy the fabric of First Nations by removing Indian status from some of the most prominent members of the First Nations communities. This is part of the legacy of the Indian Act. This arbitrary power extends to other spheres.

In fact, much of the concern about the enfranchisement issue arose out of another broad area of concern: land. The history of government relations with First Nations with respect to land shows an alarming degree of high-handed imposition of government will. Individual land holdings on reserves were instituted in 1876. Residents received a location ticket from the superintendent general; otherwise reserve residents would not be considered to be lawfully holding their individual plots of land. The superintendent general could order that a reserve be surveyed and divided into lots and then require that band members obtain location tickets.

By 1884 a male Indian holding a location ticket could bequeath property to family members, including his wife, but the wife had to be living with him at the time of his death and she had to be of good moral character. Who decided whether she was of good character? Government authorities.

It was the government, not the band council that would decide how moneys from the surrender and sale of reserve lands and other resources would be spent. It was the superintendent general, not the band council who decided whether non-Indians could reside on or use reserve lands.

The governor in council could allow leases to be issued for surface rights on Indian reserves. There was no need to get approval from a band council. According to the changes established in 1919 the owners of the land would have to be compensated, but by 1938 even this provision was dropped.

In 1941 Indians were prohibited from selling agricultural produce, furs and wild animals. To this day the Indian Act contains a provision prohibiting the sale of agricultural products by western Indians without official permission.

Changes to the act in 1951 removed many of the most glaring inequities surrounding land. Expropriation powers were significantly reduced. Administration of Indian estates was brought more into line with provincial laws. However many of the old rules remain.

• (1335)

Today we shake our heads and wonder how governments of the day could be so imperious and paternalistic. The day will come when Canadians will wonder why they continued to keep so many restrictions in the Indian Act in the latter half of the 20th century. That is why the government has introduced the legislation before

us as an option to get out from under some of the old rules, to start a new era without paternalism.

I urge all members to join me in voting to send this legislation to committee for further study.

**Mr. Len Taylor (The Battlefords—Meadow Lake, NDP):** Mr. Speaker, I am pleased to speak on Bill C-79, the bill that makes what they call optional modifications to the Indian Act. I was very pleased to hear the words of the minister in introducing the bill to Parliament and as well to hear a number of the Liberal members commenting on why they think the act needs to be changed and eventually eliminated.

I applaud the minister of Indian affairs for his work over the past three years in visiting with aboriginal people from coast to coast to coast. He has travelled more extensively than probably any other minister of Indian affairs that I am aware of.

It seems that while he was travelling he learned some of the language Indian people want to hear, but the actions he has taken are not the ones the majority of Indian people would like him to take. The Indian people in Canada would like the language being used by the minister and by government members to be more adequately reflected in the legislation proposed and in the actions the government takes in terms of removing some obstacles that are in their way, along with providing them with the resources necessary to assist them in getting themselves out of the difficulties past legislation and government practices have put them in.

In looking at Bill C-79 I recognize there are a number of positive aspects to it. However, they are almost insignificant in terms of what it is that needs to be done for aboriginal people in Canada today. The legislation allows the government to remove itself from certain aspects of Indian community life. It allows different First Nations to buy into the proposal or to leave things as they are. Let us look at some of the specifics.

For example, departmental officials will no longer have to approve the sale of farm produce. This is admirable but that has not been going on for years. This part of the Indian Act has basically been ignored by all the officials, the department and the minister for years.

The act allows for a First Nation not to require the instruction from the minister on road repair. I am sure most First Nations are glad they no longer have to ask the minister for permission to fix their roads, but they have no money to fix their roads. Their roads are in horrible disrepair and it is because the resources are not available to fix them. They do not have to ask the minister because they cannot fix them in any case. If the government were truly interested in assisting in this regard, it would ensure that the necessary moneys were there, not just for road repairs, but for the

establishment of new roads to connect with provincial highway systems which ignore a lot of the First Nations communities.

The bill also states that the terms of office for chief and council could be extended from two to three years. Obviously many of the Indian governments would applaud the move from two to three years, but most of them have been asking for an extension to four years. Because other governments around them have terms of office of four years, many of them see that the work they start is interrupted at the end of the second or the third year. Most of them have been thinking that four-year terms would be appropriate. Having the opportunity to set their own terms of office in conjunction with people in their own communities is very important.

• (1340)

I notice in the briefing papers that the government indicates it would “not fundamentally affect the crown’s fiduciary relationship and treaty obligations”. The word fundamentally is very important to aboriginal people in Canada. Fiduciary responsibility of the federal government is paramount. The fiduciary responsibility exists and cannot be changed, yet the government acknowledges that it will not be fundamentally affected. That means there may be an effect on the fiduciary responsibility. We must ensure that does not happen at all.

All of this follows the release of the report by the Royal Commission on Aboriginal Peoples. There has been a great deal of comment around the country about the expense and the expanse of the royal commission. Fifty-eight million dollars was spent on the royal commission, money that the minister even said he would rather have spent on housing than on the royal commission.

Regardless of what we think about the process and the financing of the royal commission, the documents released by the royal commission exist. This is the most extensive study of the relationship between aboriginal people and the rest of us that has ever taken place in this country.

I do not claim to have read the entire royal commission report. I am only almost finished the first volume of the several volumes of the report, but I am overwhelmed at the value of the information contained in the document. In skimming the other documents that I intend to read over the next few months, I can tell that the royal commission has done a tremendous job of identifying the problems that aboriginal people have faced and suggesting some solutions as to how to overcome those problems.

Certainly getting rid of the Indian Act is a part of that, but it is not negotiating the Indian Act away one Indian band at a time or one section of the act at a time. What this country needs is a thorough parliamentary First Nations provincial government review of the Indian Act and the overhaul of it in one fell swoop with

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the idea of ensuring that the resources are available to all levels of government to ensure that the replacement is a success.

It makes no sense to replace the Indian Act one nation at a time, one clause at a time. This does not seem to me to be the most efficient way of doing it. Certainly the words, the study, the thought, the work that has gone into the report of the Royal Commission on Aboriginal Peoples make it very clear that substantial changes are necessary both in attitude and in programming in order to fix a number of the problems that exist. Some of them cannot be fixed by this type of negotiation; they will simply be fixed within the Indian communities on their own.

When we ask First Nations communities what is at the top of their list for correction, they are not saying they want to get the minister off their backs from selling farm products. They talk about the need for more housing. They talk about the need to improve their health and justice systems. They talk about the need to fix their education system to ensure that their young people are well educated and skilled both in traditional knowledge and in the ways of the neighbouring communities, to ensure that their young people will be successful as they get older. They also talk about culture and language, economic development and self-government, land and resources which ensure their economic development packages are successful.

• (1345)

These are all matters which require a great deal of attention from all members of this House, from all members of provincial legislatures and from all municipal governments across this country. We as communities, as people living together, must understand the history of this country, how all our people have worked together to get us in the position we are in today. Tinkering with the Indian Act, one clause at a time, one band at a time, certainly will not achieve the goals which we wish to achieve.

I wish the minister well as we go into the election period. I know there are major challenges in front of us. I challenge the minister to address those serious, important issues before we face the people.

[*Translation*]

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, I am pleased to speak today to Bill C-79, which amends the Indian Act.

This bill allows bands so wishing to amend certain provisions of the Indian Act. We are looking at the reform of a bill passed over a century ago. That was a long time ago. The amendments concern 45 of the 120 sections of the Indian Act.

The main areas affected by the changes are estates, new powers to band councils, electoral procedures, infractions and the application of criminal law on reserves. For example, the chief and the band council have a three year mandate; we do not know why. The

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minister has the power to annul an election; we do not know the reason for that either.

Because the new powers this bill confers are optional, only the nations so requesting will be covered by this new legislation. The others will remain under the old one.

This is a bad bill. The report of the Erasmus-Dussault royal commission of inquiry noted the bill was outdated and backward and said that amending it was not the way to establish a new relationship between natives and non natives.

With Bill C-79, Canada returns to its colonial past with respect to its aboriginal peoples. At the time, the only aim of the Indian Act was to assimilate the native peoples. This bill does not even have the approval of those primarily affected by it—the native peoples. In December 1996, of 610 aboriginal communities, 542 came out against this bill. In other words, more than 85 per cent of the First Nations categorically reject the process set in motion by the federal government in this respect.

How can the government go ahead when the vast majority of those affected oppose its proposal? Many of the commitments the Liberal Party of Canada had made to the aboriginal people before the election were not fulfilled. Even the aboriginal people involved in developing the election platform set out in the red book made sure to publicly dissociate themselves from the Liberal Party of Canada when they saw this government's attitude and behaviour toward the First Nations.

There is no mention anywhere in the seven pages of promises relating to the aboriginal people in the red book of any amendment to the Indian Act. Where does this initiative come from? The red book states at page 98: "A Liberal government will develop a more comprehensive process for consultation between federal ministers and aboriginal representatives with respect to decision making that directly affect First Nations, Inuit and Métis peoples".

This is another example of a serious consultation problem on a bill that concerns specifically and directly aboriginal peoples. This approach is contrary to the red book, which goes on to say: "It does not make sense for the federal government to be unilaterally making policy or budgetary decisions that affect the lives of aboriginal people, without their consent".

• (1350)

The fact of the matter is that it is the core of the commitments made to the aboriginal people that this government failed to honour. Where is the "new partnership", the "mutual respect", and the "participation of aboriginal people in the decision making process" this government had promised before the 1993 election?

On November 21, the report of the Royal Commission on Aboriginal Peoples was released. This is a comprehensive, important and interesting study prepared by the Erasmus-Dussault commission. I agree with the objectives stated in this report concerning self-government, the recognition of aboriginal nations and territorial claims.

Canada's aboriginal nations are distinct. As such, they must have increased self-government, so as to be able, among other things, to generate revenues and to protect their languages and cultures. Aboriginal nations have a right to be sovereign in strategic sectors such as health, education, language and economic development. It is the only way they can ensure the preservation and development of their own identity.

However, aboriginal people must first be recognized, so that they can negotiate directly with the federal and provincial governments. We must repair the harm done over the years to aboriginal people by the various Canadian governments. After more than a century of Canadian policies designed to assimilate, if not eliminate aboriginal people, it is time the federal government recognized its mistakes, assumed its responsibilities and made the necessary changes.

Aboriginal nations must achieve self-government status to stop being financially dependent on Ottawa. I am pleased that the Government of Quebec negotiated and signed a modern day treaty with the Crees. The James Bay Agreement made it possible to improve the Crees' economic situation and to let them take charge of their development. I should point out that the fair sharing of the land was instrumental in the success of this initiative.

It is well known that I come from Latin America, where Indians make up a large part, sometimes the majority, of the population in certain countries. From the beginning of colonization in 1492, the aboriginal peoples were exploited and exterminated. Today, more than 500 years later, they are still living in inhumane conditions, in unacceptable poverty and misery.

The Erasmus-Dussault report is critical, and rightly so, of the living conditions of native people in Canada, "the best country in the world" as the Prime Minister so often tells us. In Latin America, these conditions are much worse.

I take this opportunity to urge the federal government to put the issue of Amerindians on the agenda when meeting with various countries, whether bilaterally or multilaterally through the OAS, or in other international forums.

International co-operation must be developed in this regard with respect to the Americas. The Erasmus-Dussault report describes and deplores the immense problems confronting Canada's native peoples with respect to health, education, unemployment, housing and crime. Native peoples are a minority representing 3 percent of the population. They are often the victims of racism and discrimi-

nation. In addition, this study points out that over 10,000 households on reserves are without indoor plumbing.

The Liberals have done nothing to resolve these serious problems. Nor will they with Bill C-79. For all these reasons, I will therefore be voting against Bill C-79.

• (1355)

**The Speaker:** The hon. member for Lévis has the floor. Dear colleague, I wonder whether you would prefer to wait until after oral question period to begin your speech? Did you hear the question?

**Mr. Dubé:** I am in agreement.

**The Speaker:** We will take these five minutes to begin statements by members. You will lead off when we resume debate. Thank you.

[English]

It being almost two o'clock, we will go to Statements by Members.

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## STATEMENTS BY MEMBERS

[English]

### HARRY BURKE

**Mr. Paul Steckle (Huron—Bruce, Lib.):** Mr. Speaker, it is with great pleasure that I rise in the House today to recognize a constituent of mine, Mr. Harry Burke. He is a local artist who was inspired by the names that he found inscribed in stone at the Exeter cenotaph.

He was so deeply stirred that he began an intricate endeavour to paint portraits of each of the people who had so valiantly served their nation in its time of crisis.

His project originated with the idea that these individuals were more than just names cast in marble. They were people with families and friends and they should be remembered as such.

I have had the opportunity to view Mr. Burke's work. I was struck by the realistic manner in which the faces of our fallen countrymen were captured in each portrait. So accurate were the images that family members and veterans were moved to tears as they viewed the impressions of their departed companions.

I would like to relay my heartfelt appreciation to Mr. Burke for his substantial investment of time, energy and emotion into this venture. His valuable contribution pays a fitting tribute to those Canadians captured forever on his canvas.

[Translation]

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### MINING INDUSTRY

**Mr. Bernard Deshaies (Abitibi, BQ):** Mr. Speaker, wollastonite is a little known mineral, a white crystalline substance used in the manufacture of plastics, ceramics and paint. Production of this mineral has doubled over the past decade. This is good news for the first wollastonite mine in Canada, which is located in Quebec near Saint-Ludger-de-Milot.

At the present time, annual production is forecast at over 50,000 tonnes, and the mine has the potential for expanding its production to 85,000 tonnes. Such forecasts are, of course, forecasts as well of economic growth and increased employment for Quebecers.

Thanks to such initiatives, the mining industry has become a pillar of the Quebec economy, providing close to 17,500 people with jobs. In order for this progress to continue, I am asking the government to turn its promises into concrete actions and to do away with the costly duplication in regulations which is hindering investment in Quebec's mining industry.

\* \* \*

[English]

### ROYAL CANADIAN MOUNTED POLICE

**Mr. Art Hanger (Calgary Northeast, Ref.):** Mr. Speaker, the Royal Canadian Mounted Police deserve a fair deal from this government. Under present law, RCMP personnel are unable to voice their concerns or grievances through a police association.

The Reform Party recognizes that RCMP officers should have the right to organize democratically and bargain collectively. This means that officers should be able to do so through voluntary membership in a police association. To those officers who want to bargain collectively, Reform applauds your efforts.

Reform also recognizes that the RCMP wants real freedom of association. To those officers who feel their concerns are best addressed individually, Reform supports your right to opt out of compulsory union membership. We support your right to work.

I say to the RCMP officers in the gallery, on the Hill here this week or out in the communities, your concerns are not falling on deaf ears.

Reform challenges the solicitor general to act now. Give RCMP officers a fair deal.

\* \* \*

### JUSTICE

**Mrs. Elsie Wayne (Saint John, PC):** Mr. Speaker, today it was my pleasure to meet with members of various police forces from

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my home province of New Brunswick. They are here in Ottawa representing the Canadian Police Association.

The men I met with are concerned because of the government's long delay in bringing forth legislation providing for DNA data banks. Fingerprints are kept in a bank. Why is DNA treated differently? Setting up a DNA data bank would allow police forces across the country access to a wealth of information which could help them conclude unsolved violent crimes. The government really has to get its priorities straight. It does not want a criminal's genetic fingerprint on file, but it does want all law-abiding gun owners on file.

• (1400)

To the many men and women representing our police forces I say, continue your fight. To the government I say, let us do what is right and get this legislation passed in the House.

\* \* \*

**FLAG DAY**

**Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.):** Mr. Speaker, Canadians across this great country recently celebrated flag day and honoured our maple leaf flag.

In the past few months 4,000 Canadians have indicated to me that they want an official pledge of allegiance to the Canadian flag and are supporting my private members' bill C-302.

Over 350 municipal councils from communities like Gambo, Newfoundland; Puslinch, Ontario; Beaconsfield, Quebec; Leaf Rapids, Manitoba and Hay River, Northwest Territories have passed resolutions supporting this legislation.

Canadians pledge allegiance to the flag in a variety of ways. Thousands of Canadians are telling me, either individually or through their local councils, that it is time for Canada to adopt an official pledge of allegiance.

\* \* \*

**RELIGIOUS TOLERANCE**

**Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, I wish to express my deep concern over last Thursday's display of religious intolerance and blind bigotry displayed by police in Karachi, Pakistan against the Christian minority.

It is essential for people of different religions, including minority groups, to respect each other's faith. We are all children of God, so rather than work to destroy each other, we must try to eliminate the true source of conflict which is religious intolerance.

In the words of Patrick Henry: "Religion must only be directed by reason, not by force or violence. All individuals are equally entitled to the free exercise of religion, and it is the mutual duty of all to practice tolerance, love and charity toward each other".

Therefore, I would ask that the Government of Canada issue a strong call for religious tolerance and understanding in Pakistan.

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**THE ENVIRONMENT**

**Hon. Charles Caccia (Davenport, Lib.):** Mr. Speaker, last week the Quebec government introduced a plan to cut \$246 million from its environment budget, partly through allowing polluting industries to police themselves.

The Alberta government is also in the process of reducing the budget of its environment department by \$164 million and 1,360 jobs by the year 1999.

Not to be outdone, the Ontario government has cut its ministry of the environment and energy budget by one-third, eliminating 752 staff and has also reduced the staff of the ministry of natural resources by 2,150 people.

In light of these actions, Canadians are more than ever looking to the federal government to ensure high standards of protection for their water quality, their air quality and their soil quality.

\* \* \*

**EMPLOYMENT**

**Mr. Darrel Stinson (Okanagan—Shuswap, Ref.):** Mr. Speaker, after 76 straight months with national unemployment over 9 per cent, the worst string of jobless rates since the great depression, unemployment in my riding of Okanagan—Shuswap stands at 10.7 per cent.

Those are not just numbers, they are people: from new graduates looking for their first jobs, older workers laid off because of downsizing, to people in the prime of life who are unable to support their families no matter how hard they try.

Last October bankruptcies were up 61 per cent from October 1993 when the Liberal government took office. Families are also carrying the highest debt load in history.

These figures are a national tragedy. What response do we get from this caring, sharing Liberal government? Last week it tabled legislation that will sharply increase payroll taxes, making it more costly than ever before for businesses to hire new employees.

Out of work Canadians want to know: Where are the jobs, jobs, jobs this Liberal government promised them?

[Translation]

### CANADA SOCIAL TRANSFER

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, to some people, Canada is the finest country in the world, yet it is also the country in which a Quebec family on welfare, composed of one parent and one child, must struggle desperately to survive on \$8,337 less than the poverty level.

This actual drop in purchasing power is the direct effect of federal government cuts to transfer payments to the provinces.

• (1405)

In fact, under the new Canada social transfer, the provinces will be receiving approximately \$7 billion less for health, postsecondary education and welfare. The federal government needs to loosen its grip and have the courage to fight the deficit at the expense of someone other than the most disadvantaged.

\* \* \*

[English]

### EDUCATION

**Mr. Svend J. Robinson (Burnaby—Kingsway, NDP):** Mr. Speaker, last month seven post-secondary education groups representing universities, community colleges, students, professors and student aid administrators urged the federal government to adopt a comprehensive package of student aid measures to provide affordable futures to students. They note that fast rising student debt loads are fueling a deep anxiety on the part of students and their parents.

The measures they propose include targeted grants for high need individuals, repayment assistance where required to help former students meet their debt obligations, a work study program to provide opportunities for students to earn while they learn and tax measures to help Canadians save for their children's education.

New Democrats strongly believe in the need for continued federal investment in student assistance in order that every student who is academically qualified is able to benefit fully from Canada's post-secondary education opportunities regardless of his or her financial status. We urge the Liberals to implement these progressive proposals.

Later today we will see the Liberals' budget and we will know whether they are serious about tackling soaring student debt loads and growing inaccessibility to post-secondary education in Canada.

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### FILM INDUSTRY

**Ms. Mary Clancy (Halifax, Lib.):** Mr. Speaker, I am delighted to rise in the House today to speak of this government's commitment to the film industry in Halifax.

Yesterday the member for Dartmouth and I were proud to announce the construction of three sound stages in the Halifax metropolitan area. The new production capability will help to meet the demand of Nova Scotia's growing film industry or as we call it at home, Hollywood North.

We have highly skilled trained professionals in the television and film industry both behind and in front of the camera. They love their craft, they are dedicated and they are successful. However, their success stems from the combined efforts of this government through ACOA in partnership with the provincial government and the private sector working together to turn a vision for the Halifax film industry into reality.

\* \* \*

[Translation]

### THE BUDGET

**Mr. Raymond Lavigne (Verdun—Saint-Paul, Lib.):** Mr. Speaker, in a little over two hours, the Minister of Finance of Canada will bring down his fourth budget.

Since our government was elected in 1993, much has changed in this country, mainly for the better. Inflation is at its lowest level, interest rates and mortgage rates are at levels that are reasonable for consumers and more than 700,000 jobs have been created in Canada.

The deficit we inherited from the previous government has dropped considerably, and all major international institutions expect Canada to experience the strongest growth rate of all G-7 countries.

Canadians again have confidence in their government, and that is due to the excellent work done by the present Liberal government.

\* \* \*

[English]

### ARCHIE NEIL CHISHOLM

**Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.):** Mr. Speaker, Cape Breton, indeed all of Canada, lost a living legend with the passing last Friday of Archie Neil Chisholm.

At 89, Archie Neil had become the embodiment of the cultural revival taking place across Cape Breton Island and was among its most eloquent and colourful exponents. He was a master teacher,

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entertainer, broadcaster and story teller, and a devotee of Cape Breton music. He contributed his talents generously to causes and charities too numerous to mention. No one could emcee a concert with the same grace and good humour as Archie Neil.

Archie Neil's life was a triumph of spirit over adversity. Born in a large family of modest means in the community of Margaree Forks, he was crippled by polio at an early age. He overcame the disadvantages of humble beginnings, physical disability and other challenges to transform his life into an example of contribution to others.

I am proud to have known Archie Neil Chisholm and to have grown up in Margaree under his inspiring influence. Like so many of his friends, I will miss his cheerful presence.

\* \* \*

**THE BUDGET**

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Mr. Speaker, in advance of the federal budget I feel it is my duty to warn Canadians of the top 10 pick up lines that Liberals will use to try to seduce the Canadian voters.

Pick up line number 10: I'll show you my ethics only if you'll show me yours.

Pick up line number 9: Red book? Don't talk about the red book. Let's not spoil the moment.

Pick up line number 8: Hey baby, let's regulate.

Pick up line number 7: Will you wear red for me?

● (1410)

Pick up line number 6: What do I stand for? Well, what would you like to hear?

Pick up line number 5: If you don't like my principles, I promise I'll change.

Pick up line number 4: Honest, I'll pay you your CPP later.

Pick up line number 3: Respect you in the morning? Heck, I don't even respect you now.

Pick up line number 2: Pardon me, can I give you a grant?

And the number 1 pick up line that Liberals will use to try to seduce the voter is: Trust me, I've never taxed anyone before.

\* \* \*

[Translation]

**CANADIAN CULTURE**

**Mrs. Maud Debien (Laval East, BQ):** Mr. Speaker, I would like to suggest the following exercise to see what Canadian cultural products would look like if creators focused on national unity.

La La La Human Steps would get funding if it changed the title of its latest show, "2", to read "One Canada, United and Unique".

The latest Arcand offering would be more likely to get funding under the name: "Le Canada: quel beau pays malgré ce qu'on en dit" or "Canada: It's a Wonderful Country After All".

Pierre Falardeau would get a grant if, instead of making a movie about the Patriotes, he made one about the members of the Doric Club.

The théâtre du Trident would change the title of the Cocteau play, "Les parents terribles" or "Rotten Parents", to read "Le Québec, cet enfant terrible" or "Quebec, that Brat".

"Broue" should become "Canadian Ale".

Guy Cloutier should change the name of his show, "Jeanne la pucelle" or "The Joan of Arc Musical", to "Sheila la guerrière" or "Sheila, Warrior Princess".

Fortunately, making a fool of one's self is not harmful to one's health, otherwise the federal cabinet would be in pretty bad shape.

\* \* \*

[English]

**THE BUDGET**

**Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Lib. Dem.):** Mr. Speaker, today's budget will be another fine display of hocus-pocus and sleight of hand by the finance minister with the blessing of the Prime Minister who has done nothing to fulfil his two major promises to Canadians.

For more than three years Canadians have seen absolutely no job creation plans and the GST has not been eliminated. The Prime Minister has not delivered on these two verbal promises and Canadians will not be fooled by the smoke and mirrors budget announcements today.

I am sure that the finance minister will unveil a good news budget announcing no new tax increases. Why should he not for he has already picked the pocketbooks of Canadians with hidden taxes.

Last week's changes to the CPP was the biggest tax grab in Canadian history. The bottom line is that the average Canadian's net pay is less than it was three years ago. Let us not be fooled for it is the middle income earners that continue to pay for the financial mismanagement of governments.



*Oral Questions*

[Translation]

**TEAM CANADA**

**Mr. Nick Discepola (Vaudreuil, Lib.):** Mr. Speaker, our government still considers Montreal the cornerstone of Quebec economic activity. Many businesses in the high tech industry are located there, and their expertise makes Canada a leader internationally in these areas.

The CGI group in Montreal is the biggest Canadian owned information technology company. It was a member of Team Canada on its latest Asian trip.

While in Thailand, the CGI group, which employs over 1,700 people in Canada and abroad, signed a contract with a Chomburi company to supply a management system. The contract is estimated to be worth \$2 million.

The high tech sector is a jewel in the Montreal economy and, thanks to Team Canada, our know-how has spread to the far corners of the world.

\* \* \*

[English]

**PENSIONS**

**Mr. Ronald J. Duhamel (St. Boniface, Lib.):** Mr. Speaker, the action taken jointly by the federal government and a majority of provinces to put the Canada pension plan on a sound footing is an example of responsible leadership.

It may have been politically expedient to delay, but that would not be in the best interests of Canadians young or old. Delaying the decision would have resulted in a bigger bill down the road.

[Translation]

In fact, it is precisely because previous governments failed to act that we find ourselves in this situation today. It is precisely to make the plan affordable and sustainable, for generations, now and in the future, that we are acting right now.

[English]

Those who attempt to score political points by preying on people's fears should come clean with Canadians and tell them what their own plan is, and that is to dismantle the CPP. It is also irresponsible to try to make this an intergenerational battle.

Canadians believe in the CPP. They want it preserved as a public pension plan and that is what we are doing. That is political leadership.

• (1415)

[Translation]

**ORAL QUESTION PERIOD****NATIONAL UNITY**

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, we thought we had seen everything with this government, but it seems more is yet to come.

Apparently, from now on, Canadian artists and creators will be able to obtain financial assistance from the Department of Foreign Affairs for tours abroad only if they promote Canadian unity. The federal government has decided to impose its political views on the creative process. This is absolutely incredible.

My question is directed to the Minister of Canadian Heritage. How can the minister, who is responsible for culture on behalf of the Canadian government, allow this government to set political criteria for the creative work of Canadian and Quebec artists?

**Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, it will be a pleasure to answer the hon. member's question. He said in his question that funding would be given only if one particular criterion was met. That is entirely inaccurate.

There is a series of objectives, as my colleague, the Minister of Foreign Affairs, mentioned yesterday. There is no need to meet all objectives, and I expect the hon. member opposite is well aware of this. There is only a list of objectives, and one of them is to present Canada as a bilingual country consisting of various cultures. Is the hon. member against our artists presenting Canadian diversity abroad? I hardly think so.

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, this is the limit. The minister tells us there is in fact a rule that if you do not defend Canadian unity, you may not get your grant. Maybe you will, but it is not a sure thing. It is up to the government.

How can the minister responsible for Francophonie, who is attached to Foreign Affairs, and I am not sure in what capacity he is answering my question, how can he be so matter of fact about a program that is trying to control all Canadian artists and Quebec artists as well who are more specifically on the receiving end?

**Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, this is the exact opposite of what I just told the hon. member. I made it quite clear that these were not criteria. As for the objectives I mentioned, and there are six, there is no obligation to meet all these objectives.

*Oral Questions*

One of them, as the hon. member said, mentions national unity. Another one refers to diversity. Is he against diversity? And another objective for instance, is to present our culture abroad. Another objective is to talk about cultural and other exports abroad.

So there is a whole range of objectives, and I am sure that everyone can find within that range ways to convey the message of Canadian diversity abroad.

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, if this were a page from *Astérix*, the comment would be: "Those Romans are crazy".

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

**Mr. Gauthier:** Do not worry, Mr. Speaker, I will not violate the Standing Orders. You know my respect for the Standing Orders of this House.

The minister was explaining that they include this criterion but it does not have to be met. They put it in by accident, this thing about Canadian unity, but it does not really matter if we do not promote Canadian unity. What he just told us does not make sense.

I will ask him another question: Does the minister agree that the government has two objectives in mind by including this criterion, a new criterion artists will have to meet? First, they want political control over the creative arts in Canada, and second, they want to reduce substantially assistance to Quebec creators who, according to this government, are not interested enough in promoting national unity.

• (1420)

**Hon. Don Boudria (Minister for International Cooperation and Minister responsible for Francophonie, Lib.):** Mr. Speaker, the Leader of the Official Opposition doth protest too much, but I want to thank him for his short course in pop culture in the form of a quote from *Astérix*.

The hon. member opposite must know, and I told him so earlier, that this is not about criteria that must be applied regardless. In fact this is not about criteria at all. There are no prerequisites. We respect the freedom of the artists, that is quite clear.

What we have here are simply objectives. One of those objectives is diversity. The hon. member opposite mentioned another one. Is he against cultural diversity and cultural excellence?

I believe that Mr. Léveillé, that Edith Butler and many others are excellent examples of this cultural diversity in Canada. And I hope my hon. friend will agree that these people excel in their field.

**Mr. Gaston Leroux (Richmond—Wolfe, BQ):** Mr. Speaker, strangely enough, this government, which has made major cuts to culture, always seems able to find money to fund propaganda

campaigns. The latest idea the Minister of Canadian Heritage came up with is a propaganda kit on Canada for distribution in schools.

My question is for the Minister of Canadian Heritage. The federal government had promised to withdraw from provincial jurisdictions. Why is the minister jumping in with both feet and squandering public funds to distribute her propaganda kit in schools when her colleague, the Minister of Finance, is cutting transfer payments for education?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.):** Mr. Speaker, at the cultural affairs ministers' meeting in Saskatchewan last year, one of the questions raised by the provincial ministers concerned the lack of availability of Canadian material for use in schools.

Last year, I had a kit prepared—

**Mrs. Tremblay:** You are not allowed to show it around.

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

**Ms. Copps:**—which was such a hit with school principals that, within two weeks, we had received 3,000 telephone requests for kits from school principals, including 300 from Quebec.

**Mr. Gaston Leroux (Richmond—Wolfe, BQ):** It makes no sense, Mr. Speaker.

After the flag operation, after the Canada information office, after the TV quiz, now the heritage minister wants to indoctrinate children starting in junior kindergarten.

Where will it stop? What is next? "Flushabye Flags"?

**Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.):** Mr. Speaker, I have taken on the challenge of the cultural affairs ministers, who asked the Government of Canada to provide information to school principals.

Later, I sent a letter to school principals to tell them about this kit, and the response was incredible. I would like to quote for the record the president of the Fédération des directeurs d'école du Québec, who stated today: "It is up to school principals to exercise judgment in deciding whether or not to order the multimedia educational package".

I always give school principals the choice. All we do is provide information. It is such a hit that, after two weeks, we had to have 5,000 new packages prepared.

\* \* \*

[English]

**CANADA PENSION PLAN**

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, a 70 per cent increase in mandatory Canada pension plan premiums; up to \$10 billion more per year in revenue for the

*Oral Questions*

government; \$690 more taken off Canadian paycheques. That sounds like a tax, smells like a tax and looks like a tax, but not so according to the Minister of Finance.

• (1425)

In the House yesterday he said: "This is not a tax grab. It is not a tax". I would like to ask the Prime Minister whether it is really the position of the Government of Canada that Canada pension plan payments are not a payroll tax.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Minister of Finance mentioned that it is a contribution by every citizen and employers to make sure there is a Canada pension plan available for generations to come.

The leader says that there was neglect in the previous government and I agree with him. That is why we are obliged to fix it at the request of the provincial governments. This program is a joint federal-provincial program.

They are pretty close apparently to the Conservative Government of Ontario. In the paper over the weekend the minister of finance of Ontario was claiming a victory.

It was to be proceeded with to make sure that this element of public finances of the provincial and the federal governments will be in order.

The people have to understand that these contributions are used by the provincial governments to finance their operations. That is why they wanted it fixed. We did that jointly with the provincial governments.

The premier of Alberta was very happy that this problem was resolved. He, like us, like Ontario and like most of the people, wanted the finances of the nation to be in good order. This is not the time to try not to tell the truth to the Canadian people.

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, therefore according to the Minister of Finance and the Prime Minister, the CPP premiums are contributions and not a tax.

I have on my desk a paper entitled "Growth in CPP/QPP Contributions". In it the author clearly describes contributions to the Canada pension plan and the Quebec plan as compulsory payroll taxes. He demonstrates that increases in the payroll taxes from 1986 to 1993 reduced employment by 26,000 jobs. The author of this paper, Joe Italiano, is with the economic analysis and forecasting division of the Department of Finance.

Who is right, the finance minister who says that CPP premiums are not a payroll tax and that raising them has no impact on jobs, or the analysis of his own department that says exactly the opposite?

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I want to start at the beginning and go very slowly for the hon. members opposite.

These are not revenues of the Government of Canada. He misleads Canadians when he says that.

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

**The Speaker:** Colleagues, I encourage you to stay away from words like "mislead" in questions and answers. I invite the hon. parliamentary secretary to give his response.

**Mr. Campbell:** Mr. Speaker, their statements to the effect that these are taxes rather than describing them as what they are have left an unfortunate impression among Canadians. These are contributions to a public pension plan available to pay benefits under this plan. They are not revenues of the Government of Canada.

• (1430)

**Mr. Preston Manning (Calgary Southwest, Ref.):** Mr. Speaker, the Prime Minister once said he would kill the GST. He broke that promise. The Prime Minister claims there have been no tax increases under his administration. Now we have a 70 per cent hike in a payroll tax alone.

Soon the Prime Minister will be sending candidates across the country to seek re-election. As they go from meeting to meeting, they will be followed like some hound from hell by the Prime Minister's record of broken promises on jobs, broken promises on taxes and broken promises on integrity.

How does the Prime Minister hope to improve his reputation for honesty and integrity when he refuses to admit that CPP contributions are a payroll tax and a 70 per cent hike in premiums is a tax grab?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the parliamentary secretary explained the contributions very well.

As I explained earlier, this is a joint plan between the federal and provincial governments. We cannot change the plan alone. We need the collaboration of the provinces. Because the provinces needed the money to finance their operations, they were urging us to make the contributions equal to the payments for the future.

At this time there is a deficit. The hon. leader of the third party is always talking about deficits but when we try to do something to put the finances of the nation together, he does not support us. He is the one who has completely changed his position. Because he is now desperate, he is trying to buy the votes of Canadians with their own money.

*Oral Questions*

[Translation]

**CANADIAN EMBASSY IN WASHINGTON**

**Mr. François Langlois (Bellechasse, BQ):** Mr. Speaker, my question is for the Minister of National Defence.

Yesterday, when asked about spying activities targeting a Quebec diplomat in Washington and involving military officers at the Canadian embassy, the Minister of Foreign Affairs said there was no policy, no direction whatsoever that anybody in any embassy should spy on any Quebec official.

Given that the two officers involved may, of their own initiative, have engaged in illegal activities under American laws, can the national defence minister tell us whether these officers were suspended and whether he ordered an investigation into the activities of his military personnel at the Canadian embassy in Washington?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I believe that, yesterday, the Minister of Foreign Affairs explained very clearly that no one had engaged in spying activities in that case and that nothing wrong was done. We have no reason to believe that any illegal action under American laws took place.

We know that the allegations resulted from a misunderstanding or a difference of opinion between an American government employee and his superiors.

As for us, as the minister said yesterday, there is no government policy to spy on any official of the Quebec government or of any other provincial government.

**Mr. François Langlois (Bellechasse, BQ):** Mr. Speaker, I am once again asking the Minister of National Defence whether or not an investigation was conducted and, if no investigation did or will take place, who are we supposed to believe? The Minister of Foreign Affairs, who told us yesterday that the allegations were unfounded, or the Minister of National Defence himself, who the day before said the issue had to be looked into?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member knows that this information was the result of reports following representations made by an American government employee against his superior.

The employee claimed that representations had been made to find out whether someone had been present at a breakfast.

Let us be serious when we talk about spying activities. As for myself, at this point, based on the facts that are known, I have no reason to believe that spying activities were conducted against the person in question.

• (1435)

[English]

**CANADA PENSION PLAN**

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, the parliamentary secretary said that the CPP premiums are not a tax but a contribution to a public pension plan. Let us just look for a moment or two at a private pension plan, the MP pension plan, the most obscene in the country.

Canadians are now paying twice as much of their salary for a paltry \$9,000 a year in CPP. Thanks to the government, parliamentary porkers like the member for Sherbrooke and the Deputy Prime Minister are going to pocket five to six times that amount. That is scandalous.

How can the Prime Minister justify asking Canadians to pay 70 per cent more of their meagre pensions when he and his Liberal colleagues are just going to lap up the lavish MP pension plan?

**An hon. member:** There is more than a slab of bacon talking there.

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the hon. member is mixing up two things; one has nothing to do with the other.

In making the Canada pension plan fund able to meet its future obligations, the government with the provinces is making sure that the plan is sustainable. In terms of the members of Parliament pension plan, we reduced it by 20 per cent and reduced the cost. We have introduced 55 as the age when it can be collected. Therefore, once again, we have made the plan much more in conformity with the requirements.

**Miss Deborah Grey (Beaver River, Ref.):** Mr. Speaker, it may be that I am a porker but I opted out of that pension plan and the taxpayer does not owe me one single penny for that.

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

**Miss Grey:** A pension porker I am not. I opt out; Sheila copped out.

**The Speaker:** Colleagues, I know we would all prefer to stay away from personal remarks. I would ask you, my colleague, without further preamble to please put your question.

**Miss Grey:** Mr. Speaker, I would like to ask the Prime Minister this question. To be consistent, to be fair to all Canadians in this Chamber and outside, will the Prime Minister today announce an immediate 70 per cent increase in the premium for the potlicker MP pension plan?

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I

have already mentioned that benefits for MPs in respect of service after July 12, 1995 have been reduced by 20 per cent.

• (1440)

During the debate on Bill C-85, which was retirement allowances for MPs, there was an MP for the Reform Party, whom I will not name, who said: "We should get fair compensation, fair remuneration. It is a senior executive level. Pay us \$150,000 a year". That is the example Reform gives us.

\* \* \*

[Translation]

#### CANADIAN EMBASSY IN WASHINGTON

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, my colleague, the member for Bellechasse, has twice asked the Minister of National Defence whether there has been an investigation into allegations that military staff of the Canadian embassy in Washington engaged in certain illegal activities.

I am simply asking the Minister of National Defence a very simple question for the third time: Did his department conduct an investigation to check out these allegations? It seems like a rather simple question to me.

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, obviously, following statements reported in the newspapers, the Minister of Foreign Affairs and I looked into the matter, because obviously we have to know what is going on, and in my mind there is no doubt, based on the information we have, that no spying took place, no activity that could be described as spying, in the situation to which the American government employee is referring.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Well, Mr. Speaker, we have just obtained a quicker answer from this minister than from the former minister. It took the last one a good two months before we could get at the first thing about the Somalia affair.

So, if there was an investigation, surely there was a written report for the minister. The minister must have taken his decision on the basis of written reports.

Could the minister, in the interests of transparency, make this report public, so that the allegations that have been made and that appear to be serious, since there are affidavits, so that we can know clearly that it is not true that Canada is acting in this manner and can put an end to this story? Is the minister prepared to make this report public, yes or no?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, as I have said three times, when we learned, through the newspapers, that an employee of the American government, in a dispute with his boss, alleged that discussions had taken place concerning a representa-

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tive of a government of a Canadian province, obviously we asked what exactly had taken place.

According to the information I have received, which is very limited, I am told that it was a question of finding out whether the gentleman in question was attending a breakfast.

This is not something I consider to be spying, even from the perspective of separatists.

\* \* \*

[English]

#### CANADA PENSION PLAN

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, the \$1,300 job-killing Liberal Canada pension plan payroll tax increase will patch over deficiencies in the plan for the time being at a terrible cost in job opportunities for young Canadians. The very young Canadians who are already saddled with a \$600 billion national debt will now be forced to subsidize the retirement of the very Canadians who built up the debt in the first place. However, because the Canada pension plan is still a pay as you go plan, it is not sustainable.

Will the government guarantee there will be no further premium increases or benefit decreases to the Canada pension plan?

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, what we have done in responding to the wishes of Canadians is to provide a plan that is sustainable in the long term. By moving to the new contribution rates we are ensuring that they will not have to rise to the rates they would have had to rise if we had not taken action, something no earlier government has done. The provinces by and far agree with this. Canadians will benefit from sustainability of the plan, a plan they know will be there for every working Canadian.

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, that is like the federal government saying: "We are not guilty because all we are doing is driving the getaway car".

The most vulnerable Canadians in the workforce, younger Canadians, the last hired and the first fired, will pay the price for maintaining the Canada pension plan. The minister's own officials have admitted that younger contributors to the Canada pension plan will not receive a fair pension from the plan.

• (1445)

Is it right to force young Canadians to pay almost 10 per cent of their income into a retirement plan that will return substantially less than the same amount invested in an RRSP?

**Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.):** Mr. Speaker, I have explained, and maybe I have to go slower, that it has been fundamental in western societies indeed since the turn of the century to have programs like a public pension plan, social insurance type programs. Working Canadians

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of all ages want that. They want to know it will be there for them. It will be there for them.

By contrast, the member opposite and his colleagues have proposed a combination of things which may or may not be there for them at some unknown cost to Canadians. When are they going to come clean and tell us what their costs would be?

\* \* \*

[Translation]

**ZAIRIAN REFUGEES**

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, my question is for the Minister of Citizenship and Immigration.

The minister has decided to resume expulsions of refugee claimants to Zaire, while the authoritarian regime and the civil war in that country continue. The minister is showing a flagrant lack of compassion and humanity toward these persecuted people.

Can the minister explain to this House just how the political situation in Zaire has improved to such a point that she can now resume expulsions of refugees?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, the advisory committee on country conditions for removals has examined the situation in Zaire most particularly. A number of people in Canada and elsewhere have provided it with input.

We looked a bit at what was being done internationally, and found that a number of countries continue to return people to Zaire. It is very clear that we will not return people to certain regions of Zaire, the east in particular. This is not the case for other regions of the country, where it is totally possible.

I will conclude, if I may, by stating that no one has been returned to Zaire without a risk assessment being done to ensure that he or she is returning to one of the regions of Zaire in complete safety.

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, instead of taking refuge behind a phantom committee, the minister ought to face up to her own responsibilities.

Is the minister aware that she is committing a flagrant injustice toward the Zairian refugees, whose country is experiencing serious instability, while maintaining the suspension of deportations to Rwanda, Burundi and Afghanistan?

**Hon. Lucienne Robillard (Minister of Citizenship and Immigration, Lib.):** Mr. Speaker, I repeat: there is no question whatsoever of returning a person whose life would be at risk if he or she were returned to certain parts of Zaire.

However, yes, people can return in complete safety to certain regions of Zaire, and this is why we do an individual assessment. This is exactly the same policy as in some other countries, and I can assure you that we are keeping close tabs on the situation. If ever we have to suspend deportations, we shall do so. We will never put anyone's life in danger.

\* \* \*

[English]

**SCIENCE AND TECHNOLOGY**

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

It is recognized that research, technology, information and knowledge are now the driving forces of economic growth. What is the government doing to ensure that Canada is leading this parade as Canadians march together toward the 21st century?

**Hon. Jon Gerrard (Secretary of State (Science, Research and Development)(Western Economic Diversification), Lib.):** Mr. Speaker, our government has a vision for the 21st century. We are investing in science, technology and building the information society.

• (1450)

We announced last week numerous programs for science for young people. We have renewed the Canada space plan. We put major funding into Technology Partnerships Canada. We are putting Canada on the fast lane to develop the information highway with programs like CANARIE, SchoolNet, the community access program, and digital collections. We have invested in the health services research fund, have started the medical discovery fund and numerous other initiatives. The auditor general has said we have the best ever strategy for science and technology.

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**EMPLOYMENT**

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, for the past 76 months unemployment has remained above 9 per cent. Youth unemployment is a fixture at 17 per cent. Every welfare and job creation program introduced by this government has been a failure. Yet the Minister of Natural Resources was quoted last week in Alberta as saying the pain is over. She wants to get back to more Liberal tax and spend policies to create jobs.

Will the minister acknowledge that the tax and spend youth jobs strategy is merely another welfare program for the unemployed rather than a serious attempt to get Albertans and Canadians back to work?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, our government was extremely

pleased last week to be able to give some hope to children and young unemployed people who really want to do something with their lives. That is what the youth of this country want and that is what we are giving them.

There is the amount of \$2 billion that we are already spending for young people in this country. We have announced two major new programs to gain work experience and 110,000 young Canadians will have access to some work experience in order to get them out of the no experience, no job and no job, no experience cycle. Our government is doing a lot. We need to do more and that is what we will do.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, there is no question the government needs to do more. It has to give tax relief, not more tax and spend programs. These tax and spend programs of this government are merely creating dependency on welfare. We know and the government knows that the entrepreneurial sector is the sector which creates jobs. It is not welfare dependency.

That is why I ask the minister to explain the policy of this government dependency on welfare. Why is the government insisting on that way of resolving the problem rather than creating the entrepreneurs we need in this country and giving them the breaks? Jobs will be created this way rather than the government's way. Does the minister acknowledge that job creation can be better done this way?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the member will have to look at the jobs strategy before commenting on it. This is precisely what we are doing. We are doing precisely that in partnership with the private sector and non-governmental organizations in creating jobs. These work experiences will not be in the government. They will be in the private sector and non-governmental organizations.

[Translation]

That is why this strategy for young people who want to find jobs and gain work experience is greatly appreciated across Canada. In partnership with the private sector and non-governmental organizations, we will provide 110,000 young Canadians with work experience to get them out of the no experience, no job and no job, no experience cycle.

\* \* \*

#### FLOATING CASINOS

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, my question is for the Minister of Justice.

On November 26, 1996, in response to a question from the official opposition, the minister recognized having received from the Quebec Minister of Justice a letter requesting an amendment to

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the Criminal Code to permit the opening of casinos on international cruises in Canadian waters. The minister even promised at the time to keep me abreast of his consultations with the cruise industry and the provincial governments.

Does the fact that we have not yet heard from the minister about the latest developments on casinos on international cruises mean that he has simply given up the idea?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** No, Mr. Speaker. As I told this House a few months ago, we have received a proposal from the Province of Quebec concerning floating casinos.

• (1455)

As the hon. member knows, this requires an amendment to the Criminal Code. The justice department has initiated consultations with the provinces, the territories, the aboriginal peoples, the industry and all other interested parties.

We are now discussing every aspect of this issue with those concerned. In the months to come, I am confident that we will be able to state our position.

**Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ):** Mr. Speaker, I would like to remind the minister that what is at stake are the jobs, jobs, jobs promised in the Liberals' red book during the last election campaign.

Am I to understand from the minister's answer that he is prepared to support the bill I tabled in this House last week?

**Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, in my opinion, it is very important that we see this consultation process through. As I told this House, the interests involved are many and varied. I would rather wait and see what comes out of this consultation before stating a position.

\* \* \*

[English]

#### NATIONAL DEFENCE

**Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.):** Mr. Speaker, the Minister of National Defence is getting quite the reputation of engaging his mouth while his brain—

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

**The Speaker:** The hon. member for Parry Sound—Muskoka.

\* \* \*

#### SMALL BUSINESS

**Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.):** Mr. Speaker, my question is for the Minister of Industry.

*Privilege*

Could the minister imagine what it is like to be a tourist operator in my riding in May getting ready for a busy summer, then suddenly being deluged with surveys from half a dozen or so government departments? I know the information is important to collect but would the minister tell this House what he is doing to ensure this paper burden is not interfering with doing business?

**Hon. John Manley (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, Lib.):** Mr. Speaker, we have heard from small business people from across Canada that they are concerned about the extent and number of surveys they have been receiving.

We have asked Statistics Canada and it has agreed to work with small business people to choose the best time of year for them to complete survey information. Small business owners know how important it is, not just to the federal government but to provincial and local governments as well, that Statistics Canada has adequate information so it can provide a basis upon which policy decisions can be made.

StatsCan has moved in the last two years to reduce the burden it imposes on small business by over 15 per cent.

\* \* \*

**PRESCRIPTION DRUGS**

**Mr. John Solomon (Regina—Lumsden, NDP):** Mr. Speaker, my question is for the Prime Minister.

The present Prime Minister said in this House on April 1, 1993 that Canada should not side with the multinational drug companies by passing Bill C-91 at the expense of poor and sick Canadians who need drugs. The Prime Minister was joined by the present ministers of health and industry in criticizing and voting against Bill C-91.

Last night Canadians were told by the Minister of Industry that reducing the length of time for drug patents which could save Canadians billions of dollars on prescription drug costs will not happen under a Liberal government. Why have the Liberals now flip-flopped and sided with the multinationals at the expense of Canadians who need affordable prescription drugs?

**Hon. John Manley (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, Lib.):** Mr. Speaker, I hope the hon. member listens closely because he evidently has been misled by somebody.

He will know that since the time he has referred to, Canada has entered into, among others, the World Trade Organization agreement which resulted from the Uruguay round negotiations. One commitment of that agreement is article 33 of the TRIPS agree-

ment which was signed subsequent to that: "The term of protection available shall not end before the expiration of a period of 20 years counted from the filing date".

I understand why Bill C-91 was very controversial. I was here during those debates. I also understand how important it is for Canada to participate in international trade organizations such as the World Trade Organization, particularly when so much of our economy benefits from export access to many countries.

• (1500)

I urge the hon. member to make significant and important contributions to the work of the industry committee that is reviewing Bill C-91, but to understand the context in which that review is being conducted.

**The Speaker:** I have received written notification that the member for Saskatoon—Clark's Crossing wishes to raise a point of privilege. I will hear that and then I will hear the points of order.

\* \* \*

**PRIVILEGE**

## QUESTION PERIOD

**Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP):** Mr. Speaker, my point of privilege arises from a response to a question yesterday by the Minister of Justice.

It is not a question of interpretation of fact which would not make it a question of privilege. It is a clear point in which the minister said something that was not the case.

I would like to read what the minister said in yesterday's *Hansard*. It relates to services relating to Airbus. He said that "all services that were rendered were entirely within those contemplated properly by the contract".

I have a copy of the contract and it plainly is not the case that those services were rendered within it. I can read it or not, as the case may be.

**The Speaker:** I wonder if the hon. member could identify for me the specific privilege which is being impinged upon.

**Mr. Axworthy (Saskatoon—Clark's Crossing):** Yes, Mr. Speaker. I believe it is contrary to the privileges of the members for anyone in the House to mislead the House and it is particularly important for the minister not to do that.

**The Speaker:** With all respect, we seem to be going down the road of debate in this case. The hon. member mentioned that a statement was made. I take it he disagrees with whatever that statement was. Usually in the give and take of question period where a question is asked, the minister or a parliamentary secretary gives a response and that is all part of question period. It is surely



*Points of Order*

not for your Speaker to decide that which is or which is not, and I quote your word, “misleading”.

Perhaps the answer was not the one that the hon. member wanted or was expecting, but I would be hard pressed to judge when a statement is or is not misleading.

At this point, the hon. member should identify further what was his particular privilege. We have a question and answer and we have to take for granted that all of you are honourable members, therefore, that the answer will be given in good faith. I would let the matter rest there.

I am going to hear the point of order.

\* \* \*

• (1505 )

**POINTS OF ORDER**

## COMMENTS DURING QUESTION PERIOD

**Mr. Chuck Strahl (Fraser Valley East, Ref.):** Mr. Speaker, during the course of question period in an exchange between the member for Beaver River and the government side, the member for Beaver River pointed out that she had opted out of the \$1.4 million parliamentary pension on principle.

The Minister of National Defence was clearly heard to say— I will not repeat the phrase because it is beneath the dignity of the House. But he should withdraw those words and he should be ashamed of his conduct in the House today.

**The Speaker:** Once again, with all due respect to you, I did not hear unparliamentary words.

**Mr. Williams:** We all heard it.

**The Speaker:** I will review the blues and see if unparliamentary language was used and to whom it was directed. If it is necessary, I will come back to the House. I will review the blues and the tapes and see if, indeed, any unparliamentary language was used so that I can ascertain who said it and to whom it was said. We will try to work it that way. If necessary, I will get back to him.

**Mr. Strahl:** Mr. Speaker, on a point of order.

**The Speaker:** Is this on a different point of order?

**Mr. Strahl:** Yes, Mr. Speaker. Could you explain to the House if there is a difference between parliamentary or unparliamentary language and personally cruel remarks? Is there a difference?

**The Speaker:** I have undertaken to see if unparliamentary language was used. That would be my purview.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, you said you would review the blues, but can you make sure to see them before any changes are made?

**The Speaker:** Yes.

[*English*]

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, my point of order is with regard to the ruling to my hon. colleague for Okanagan—Similkameen—Merritt. I would like you to review why that decision was made—

**The Speaker:** Again, with great respect to you and to all members of the House, in my view where this was leading was use of unparliamentary language—

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

• (1510 )

**Mr. Benoit:** It was going to hurt the government, that is what it was going to do.

**Mr. White (Fraser Valley West):** That didn't occur.

**The Speaker:**—and, with respect, a decision was taken and the decision stands.

**Mr. Hart:** A point of order.

**The Speaker:** Is this on the same point of order?

**Mr. Hart:** Yes.

**The Speaker:** I have ruled on that. On another point of order, the hon. member for St. Albert.

## CHAMBER PROCEEDINGS

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, with complete deference to yourself and to the office that you hold, I would like to point out there is a perception by the Reform Party that there appears to be a double standard in the way that things go along—

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

**Mr. Zed:** How dare you.

**Mr. Hart:** How come we can hear so good on this side of the House but it is not so good on that side? Can you hear this?

**Mr. Speaker (Lethbridge):** Every one of us in here heard what Doug said.

**Mr. Strahl:** We got phone calls in the lobby about it already. Everybody heard it.

**The Speaker:** My colleague from St. Albert, as you know, a decision of the Chair is a decision I take with the full authority of all members of this House.

I know that probably in the heat of all this we all get excited sometimes, but if your remarks were directed to the Chair, that I as your Speaker have a double standard in this House—and this is what I understood—I would like the hon. member to stand in his place and withdraw that statement forthwith, please.

**Some hon. members:** Shame.

**Mr. Williams:** Mr. Speaker, I certainly will withdraw the statement that I made, if you believe that I—

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**The Speaker:** I thank you. I accept the withdrawal.

Now I put the question to you, my colleague. Do you have a point of order which is different from one that I have ruled on today?

**Mr. Williams:** My original point was, as I said, there was a perception in the Reform Party. In no way, shape or form did I accuse the Chair of having a double standard. I said there was a perception by this party which is different.

**Mr. McKinnon:** Get the blues out.

**The Speaker:** Again, with respect to you, my colleague, I suggest that we just let the matter drop for now.

I am going to go to another point of order, the hon. member for Revelstoke—West Kootenay.

## COMMENTS DURING QUESTION PERIOD

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, the point of order that I rise on is with regard to procedure.

When the Chair examines the blues for a possible breach of conduct or unparliamentary language, the normal procedure, should the Chair find that something did in fact occur, is to ask the member to withdraw that statement.

• (1515)

Given that the statement in question that we allege took place regarding the hon. member for Beaver River was on an open microphone and given that the person who we believe made that statement—

**The Speaker:** My colleague, I have already undertaken in the House to review the blues and to review the tapes. I will do that. I will come back to the House if it is necessary. I have said that.

Do you have a point of order other than that which I have just described?

**Mr. Gouk:** Mr. Speaker, I did not want to bring that point up again. The only thing I ask, on a point of procedure, is that if a member, whether it be this incident or a different one, speaks on an open microphone, and if it is viciously directed at another member, no matter on which side of the House, I contend that it is not sufficient for the hon. member to withdraw that remark. When it is made openly against another member it should be in the form of an apology.

**The Speaker:** There again, my colleague, a withdrawal in this House embodies an admission that what was said was unparliamentary. In my view that would constitute perhaps the apology for which the member is looking.

**GOVERNMENT ORDERS**

[Translation]

**INDIAN ACT OPTIONAL MODIFICATION ACT**

The House resumed consideration of the motion.

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I am pleased to address Bill C-79, which seeks to amend the Indian Act. As you know, the Indian Act is over one hundred years old and has often been referred to as a measure which is obsolete, does not reflect the reality and, more importantly, does not meet the needs of aboriginal people themselves.

This act is so flawed that it should be changed, not merely amended, as the Minister of Indian Affairs wants to do. The minister is doing the opposite of what was recently recommended by the Erasmus-Dussault commission, which is to recognize that there is currently an injustice done to aboriginal people.

I sat on two committees of the House. First, I was a member of the Standing Committee on Human Resources Development, and I now sit on the Standing Committee on Health. When I was with the human resources committee, we toured all across Canada and visited a number of aboriginal communities.

Following the testimony heard not only from aboriginal people themselves but also from people working with them, it is obvious to me that aboriginal people have much greater health problems than the rest of Canadians.

Unfortunately, aboriginal people are still the victims of a great deal of prejudice. As the hon. member for Drummond knows, the Standing Committee on Health conducted many studies on the health of aboriginal people. It is rather sad and even disappointing to see that, in spite of these studies, and in spite of the fact that a commission of inquiry released a five-volume report on the condition of aboriginal people, we end up with a bill that only seeks to amend the Indian Act, this in a rather dreadful, embarrassing and nonsensical way.

• (1520)

This bill runs counter to a lot of other legislation. Legislation must apply to everyone. This bill, however, will create two classes of natives: those to whom the old act applies and those to whom the new one applies. It is optional. It will concern only those bands of Indians or aboriginal groups that wish to submit to it, to take the goodies being held out as an enticement to them to give up their ancestral rights. This is something many Indians cannot and will not do.

Despite the opposition of the very great majority of native people in Canada, the minister is deciding to go ahead with this bill. For what purpose? Obviously, to give Canadians the impression, before the election, that he has done something. He dared to

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change a statute that has existed for 100 years. What an extraordinary feat. But it is a bill that would not affect everyone, only those who wanted it to.

Has anyone ever seen legislation that is optional like this? It is as though you were told you could not drive faster than 120 kilometres an hour in Quebec; only those who drove under this limit would be affected by this legislation and the rest could decide to have other legislation apply to them.

It is not an acceptable way of doing things. Some people might say that it is interesting, that all legislation should be like that, that people could then take advantage of their freedom of expression, their speed of adaptation we could call it. The law does not work like this. It is not my understanding that the law works like this.

A piece of legislation must apply to everyone. What the minister wants to do is to blind Indians to the facts. He wants to show other Canadians that he has just done something important, when in reality, the proposed legislation, in most cases, would not be applied. It will change nothing. It will only give the impression that he has done something, a bit like the health minister, who boasted about his bill C-71. In the end, he has left himself so many options with this bill that it is not certain if it will be enforceable.

I do not know whether or not it is parliamentary to say so, but I will take the chance. I call this hypocrisy. It is deceptive at the very least, it is misleading. Pretending to do something, when you know in advance that you will do nothing. This is not good government.

It is time the Liberal government held an election, because it seems to be catching. All of the ministers want to do a little something to show that they can get something done before the election, before they change portfolios. If the Liberals do get back in, we know there is a risk of their changing portfolios. They can boast in their c.v. that they have changed a hundred year-old law. But history will say: this law did not change much, because it was obeyed only by those who wanted to. That is extraordinary.

I have made light enough of this serious subject. It is serious: 438,000 status Indians in Canada, and the minister wants to divide them into two categories: those who follow the new act and those who follow the old. There are already two types of Indians: there are the non-status Indians, 112,600 in 1991, and then there are the Metis, 139,491. There are 37,800 Inuit. That makes a total of 720,000 individuals.

In Quebec, the total is 69,300. Now, that represents 1 per cent of the total population of Quebec. A group must not be ignored just because it accounts for only 1 per cent of the total population. At the present time, the Department of Indian Affairs is maintaining a paternalistic system, one which keeps the Indians, the aboriginals

of Canada, in a system of dependency. What the aboriginal nations are calling for is the opposite: more autonomy.

You may perhaps reply that they want a bit too much, that this is a negotiation. We in the Bloc Quebecois have always said that they had to be given more.

• (1525)

The day after the commission of inquiry's report was tabled, the Bloc Quebecois even tabled a motion in the House urging the Liberal government to join it in saying that the First Nations are distinct nations. In other words, they should be given the means to promote their distinctiveness, to preserve their culture and especially to obtain the financial resources that will liberate them from this dependency so that at last they will become more autonomous and be able to manage their own health services.

The suicide rate figures, which I will not mention here, are incredible. Which group in Canada has the highest suicide rate? Amerindians. Which group in Canada has the highest rate of alcoholism? Amerindians. Drug addiction? Amerindians. This is also the group that has the lowest life expectancy. Which group has the highest death rate? Amerindians again.

The situation is so bad that Lise Bissonnette wrote the following in the newspaper *Le Devoir*:

The story we read in the five volumes of this report—and I am referring to the commission of inquiry—is on the whole a story of domestic colonialism that was unique in its brutality and still is, at a time when racism and exploitation should be a thing of the past. The United Nations may have given Canada first prize for being the best place in the world to live, but the fact remains that all social indicators, when applied to the First Nations in this country, are in free fall, indicating a third world in the midst of abundance. From education to health care and employment, the rule is under-development, from coast to coast. According to the commissioners "aboriginal people are 90 times as likely as other Canadians to be without running water. On the reserves, more than 10,000 homes have no inside plumbing". How can we read this and hundreds of other horror stories, in one of the most comfortable places on the planet, and keep on accepting awards?

Or doing what the minister of Indian affairs and the ministers opposite are doing when they tell us that we live in the best country in the world.

It goes on to say that today, one child out of five in Canada lives below the poverty line. We treat aboriginal people this way and would have them believe we are living in the best country in the world, as the situation deteriorates.

This afternoon, the Minister of Finance will tell us how he managed to speed up deficit reduction, either by cutting assistance to the needy, by cutting spending on health care and transfer payments to the provinces and by cutting health care to aboriginal people. Are we supposed to believe that everything is okay, that we

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are in good shape? No, Mr. Speaker. The aboriginal people, like the poor in Quebec and Canada, deserve a better deal.

**Mrs. Pauline Picard (Drummond, BQ):** Mr. Speaker, I will speak on Bill C-79, an act to permit certain modifications in the application of the Indian Act to bands that desire them.

This bill is a superficial reform of the Indian Act, which is more than a century old. The amendments affect 45 of the 120 sections of the Indian Act, the following areas in particular: inheritance mechanisms, new band council powers, election procedures, offences, and criminal law on the reserves.

In order to get around the First Nations' general opposition to any changes to the Indian Act, the Department of Indian Affairs has decided to make the act optional, and has made far fewer changes to the act than it had initially planned when it undertook the reform.

Its optional nature means that only those aboriginal nations so requesting will be governed by this new act; the others will remain under the unmodified act.

• (1530)

Let me tell you, we are opposed to this, for Canada is going back to its colonial past with Bill C-49. The Indian Act was intended to assimilate the Indians. In attempting to modify this legislation from another century, instead of adopting a new approach, the government is not making a clean break with the paternalistic policy that prevailed when the Indian Act was passed.

A new constructive approach to the First Nations is described in the report of the Erasmus-Dussault royal commission on aboriginal peoples, which stresses the outmoded and backward nature of the Indian Act. In their report, the commissioners ruled out any amendment to the Indian Act as a way to establish a new relationship between natives and non-natives.

In short, in changing the Indian Act, the minister is going the wrong way. He is merely proposing cosmetic changes to this outdated and paternalistic bill, which native peoples reject.

In December 1993, just before Bill C-79 was tabled in the House, the Bloc Quebecois received letters from 542 native communities out of some 610 opposed to Bill C-79. In other words, some 85 per cent of the First Nations categorically reject the procedure followed by the minister in drafting this bill.

It affects the interests and the rights of the First Nations in Quebec and Canada. In fact, these are the only communities affected. How can the government proceed when its bill is being opposed by the vast majority of those affected? In this time of budget cutbacks, should the government not put its limited resources into projects supported by the communities concerned? Who is the minister working for?

The minister of Indian affairs claims to have the support of the First Nations. Who does he mean? The minister has not revealed the results of his so-called consultations. He did not show clearly who supported his initiative. When we ask the minister who is involved, which communities support his bill, he says it is none of our business. If the minister is working on behalf of particular groups, he should be honest enough to tell the public who is involved.

The communities rejecting Bill C-79 did so publicly. We have in our offices letters signed by each of the organizations that object to the bill and the consultation process it stems from. This strong opposition, from more than 85 per cent of aboriginal communities in Quebec and Canada, shows that the minister's so-called support can only be marginal. This kind of behaviour makes no sense.

Very few of the promises made to the aboriginal peoples by the Liberal Party of Canada were kept once the election was won. In fact, even the aboriginal people involved in developing the election platform outlined in the red book felt the need to publicly dissociate themselves from the Liberal Party of Canada after witnessing this government's attitude and behaviour toward the First Nations once in office.

In connection with Bill C-79, there is no mention anywhere in the seven pages of promises relating to the aboriginal peoples in the red book of any amendment to the Indian Act. Where does this initiative come from? While there is no mention of it, the Minister of Indian Affairs and the Prime Minister managed to break red book promises by preparing, without any real consultation, a bill dealing specifically with aboriginal peoples.

Let me quote the Liberal Party of Canada's red book, which states at page 98: "A Liberal government will develop a more comprehensive process for consultation between federal ministers and aboriginal representatives with respect to decision making that directly affect First Nations, Inuit and Métis peoples".

• (1535)

Is sending four letters to the Assembly of First Nations over a two-year period the Liberal Party of Canada's idea of a wider consultation? If this is the case, interest groups in Quebec and in Canada should be wary if a Liberal government talks about consulting them. There is no doubt in the Bloc Quebecois' mind that the Liberal government is acting in an absurd manner with Bill C-79.

This government unilaterally developed, without any serious consultations, a bill which directly concerns aboriginal people. Here is another quote found on page 98 of the Liberal Party of Canada's red book: "It does not make sense for the federal government to be unilaterally making policy or budgetary deci-

sions that affect the lives of aboriginal people, without their involvement”.

The fact is that this government ignored the very basis of its commitments to aboriginal people. On page 98, the Liberals speak of a “new partnership” and of “mutual respect”; on that same page 98, they say: “A Liberal government will create—a new partnership with aboriginal people that is based on—participation in the decision-making process”. All these illusions in the red book left a bad taste in the mouths of aboriginal people. The few letters received by the First Nations by way of consultation were simply meant to associate them with a bill whose basic thrust they could not influence.

We have no choice but to say that the term “consultation” does not mean the same thing to the Bloc Québécois that it does to the government. The Bloc Québécois considers consultation to be more than just four letters to native communities and their representatives, the results of which the minister of Indian affairs refuses to divulge. Consultation involves two parties getting together to discuss and consider the consequences of a new law. No formal meeting of the government and the Assembly of First Nations was ever held on the changes to the Indian Act.

It would have been more complex than simply drafting the legislation in camera, but the solutions that would have come from such a process would last longer.

Is this government going against the conclusions of the Penner parliamentary committee? I regret I have only one minute left, because I still have some things to say.

In conclusion, by refusing to consult properly, the government has come up with a superficial bill that will resolve no basic problems and that will therefore fail to satisfy the vast majority of the First Nations involved.

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I am pleased to participate today in this debate on Bill C-79, an act to amend the Indian Act. I cannot say, however, that I am too proud of what this government has accomplished on the Indian issue since taking office three and a half years ago.

Perhaps three and a half years is nothing in the history of Indians in Canada, but it shows this Liberal government’s blatant lack of vision. A bill is introduced, which purports to deal with rather important issues: distribution of estates, new powers for band councils, election procedures, contraventions and criminal law on reserves.

Unfortunately, in view of what I would call generalized opposition—more than 500 aboriginal communities told the government, and sent us copies of their letters, that they did not want this bill—I think we must realize one thing, which is true in Quebec as well as in Canada.

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In the past, we have not always treated aboriginal people, the natives, like adults, as equals. And instead of changing this attitude, the minister is perpetuating it. Imagine what impact making this act optional will have, with some communities coming under it, and others not.

• (1540)

We can easily imagine that it will be a carrot and stick situation, where special advantages will be used as incentives to get some communities to agree with the optional modification of the act. This will result in a proliferation of unacceptable situations condemned previously, by the Auditor General of Canada among others, concerning allocation of funds, that is to say how federal government funds are allocated to and used by aboriginal people.

One really has to wonder what prompted the minister to make such a decision. Why not have gone to the bottom of the issue like the Erasmus-Dussault royal commission did in a thorough analysis? One may not agree with all the recommendations in this report, but the commission conducted a major exercise and took a look at the overall situation. Why does the minister come up with a bill which, to me, is a cosmetic, pre-election measure?

The government wants to be able to campaign and say: “We passed an act amending the Indian Act. We had said we would do it and we did it”. All these cosmetic changes before an election are nice, but we are not elected for that purpose.

We are elected, ultimately, to truly fulfil the commitments made during the election campaign, so as to be credible as a government. In this case as in many others, the current Liberal government is launching into what could be called a coverup operation. It is like putting a bit of paint on an old car to hide the rust for a while, for the duration of the election campaign, before it will resurface again.

The plight of Canada’s Indians is much more serious. Let me read the Liberal Party’s position, as stated in the red book. It says: “A Liberal government will develop a more comprehensive process for consultation between federal ministers and aboriginal representatives with respect to decision-making that directly affects First Nations, Inuit, and Métis peoples”. There are 542 communities opposed to Bill C-79, that is 85 per cent of the total number. Something is wrong somewhere. It does not make sense. The federal government’s decision is even insulting for aboriginal communities.

There is another line in the red book which is even smoother when we read it today. It says: “It does not make sense for the federal government to be unilaterally making policy or budgetary decisions that affect the lives of aboriginal people, without their involvement”. Yet, the government introduced a bill which will

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have major policy and budgetary consequences, partly because of its optional nature, without the support of aboriginal communities.

If I were a member of an aboriginal community, I would be even more stunned by the way the Government of Canada is treating them. Let us not forget that the Indian Act was based on the same principle, the same structure as the apartheid legislation, in South Africa. It stems from the great wisdom of the British Empire, many years ago. Since then, we never went to the bottom of the issue to really find out how to solve the problems relating to aboriginal communities and their rights, and to also find out how to deal with them.

Today, the Liberal government has placed us in a sad situation. If this bill is passed by Parliament, native peoples will be able to say once again that the government has decided to offload the problem, as the member for Mégantic—Compton—Stanstead would say, to ignore the facts.

If I were a native person, I would be rather puzzled. First of all, I would wonder why the Government of Canada, which is supposed to be my defender, which is so described in the bill, is passing such bills, when the only people to truly come to our defence are Quebec's sovereignists. What is going on in this Parliament that things have come to this?

One answer is that, in the past few years, Quebec has begun treating native communities with the respect they deserve. We began by recognizing their status as a nation, and then went on to other areas that have not always been easy, but we are still trying to establish a relationship that is evolving slowly through negotiations.

• (1545)

It is not just a matter of keeping an election promise by passing a bill, so that during the election campaign they can say: "You see, we kept this promise, the eighty-second or eighty-third, increasing our score to 82 or 83 per cent".

Quantitative results like these are not what the people of Quebec and of Canada, what native peoples expect from their government. What they want is to get to the bottom of things, because there are social problems, important economic problems resulting from the failure of the Canadian government to take action on this issue for several decades. This government, which announced interesting things in its red book, has been completely unable to deliver the goods.

Today, on the eve of an election campaign, it confronts us with a completely unacceptable bill. I urge the members of the majority to go back and consult the 542 communities who wrote to tell us that they did not want to see the bill passed, that they wanted it thrown out. They gave us the reasons they did not want to see it passed.

Each of you in the Liberal majority, in your respective ridings, before the election campaign begins, during the period when the bill is being studied in committee, should go and see your communities and ask them the reasons they find the bill unacceptable.

I am certain that, when you come back from this consultation, you will make sure that your government at least kills this bill, or has the courage to propose a bill that completely transforms the relationship with natives within Canada, so that this major problem can be eliminated. A solution must be found to this problem, which is a stain on the quality of democratic life in this country, because Bill C-79 is no solution.

I will close by saying that it is essential that any bill that speaks about relations with native peoples must include as a basic principle that they be treated like adults and that their rights be respected. It is for this reason that the Bloc Québécois is coming to their defence against this bill, which is unfair.

**The Acting Speaker (Mr. Milliken):** I now recognize the hon. member for Compton—Stanstead—

**Mr. Bernier (Mégantic—Compton—Stanstead):** Mégantic—Compton—Stanstead, Mr. Speaker.

**The Acting Speaker (Mr. Milliken):** I always forget the first part of the riding's name.

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ):** Mr. Speaker, you are perhaps assuming the outcome of the next election, which is why you designate me with the name Compton—Stanstead. In fact, after the next campaign, my riding, which has been altered considerably and separated from Mégantic, will be called Compton—Stanstead.

I see you therefore as a visionary, who already acknowledges not only that I will be re-elected in the riding of Compton—Stanstead, but that the Bloc Québécois will be here in full force after the next election for its well known purpose of defending the interests of Quebecers.

My colleague, who wants to hear nothing but the truth, is perfectly right, and that is what I am going to try to do in the next few minutes. I am going to try to explain what the truth is in connection with Bill C-79.

First of all, if I may, I will take a few moments of my time to congratulate my colleague, whose performance as Indian affairs critic is recognized by all those involved in this question, which is such a touchy one and so important, not only for the future of the aboriginal communities, but for the future of our respective communities, I would say, that is the people of Quebec and the people of Canada.

We cannot treat this question lightly, as the Liberal government has already done for decades, ever since Canada began, I would

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say, by denying reality. In recent years, we have witnessed a study without precedent in this area, and I would say without precedent anywhere in government activity.

• (1550)

I am of course referring to the Erasmus-Dussault report which was tabled only a few months ago. This study took years to complete. It thoroughly examined aboriginal issues and proposed a comprehensive plan in its recommendations. That was and still is what made the Erasmus-Dussault report unique, that it proposed a comprehensive plan to deal with aboriginal issues.

I would also like to say that in addition to the hon. member for Saint-Jean who has done and still does an excellent job in this respect, the Government of Quebec has also made an effort in the past to understand the expectations and demands of the First Nations in Quebec. I am referring to the government of former Premier René Lévesque.

This was the first government in North America to recognize the First Nations for what they were, peoples who had and have a different culture, who want to develop this culture as part of their lives, not only for the benefit of their own communities but also for the benefit of the other communities around them. In Quebec we were the first, as a people and as a government, to recognize that fact. I think that is an important point.

We should also remember, setting all political considerations aside, that the Quebec government, the Liberal government under Robert Bourassa in the 1970s, was also the first government to negotiate an agreement with a First Nation, with the Inuit in Northern Quebec on the development of James Bay, an agreement which although not perfect, set a historical precedent. As a result, a First Nation was considered a legitimate party, with the authority to decide on behalf of its people, which led to the James Bay agreement, an agreement which has been quoted as an example on many occasions in the past and still is today.

I mentioned these two positions to point out that as a people, we may wish to consolidate our future. As a people, we may wish to develop our potential while respecting those who live around us. This is the example that should be taken from the earlier positions of the Government of Quebec in the case of native communities.

What we have before us looks more like a botch. In other words, following the conclusion of the Erasmus-Dussault commission, which cost over \$50 million in tax money and produced a report of thousands of pages including hundreds of recommendations proposing a comprehensive plan, the Liberal government arrives with a bungled proposal on the eve of an election. This government does not want to go into another election without being able to say it has done something for the native population. Thus we have Bill C-79,

which uses a piecemeal approach to try to resolve a number of problems.

This is not the way to go about it, and I consider it almost an insult to the native peoples. This is not the way to resolve the government's problems with the native peoples. It must first recognize their existence and the importance of the Erasmus-Dussault report and the riches it has to offer and then sit down with these communities to define their future.

• (1555)

This is the only logical and intelligent way to proceed in this matter as in all matters. This is what my colleague from Saint-Jean is proposing on behalf of the Bloc Québécois.

We will not agree to support a bill that does not even start to honourably address the claims of the aboriginal nations. The government and its minister must get into the habit of sitting down and talking to people. They must sit down with the native groups, see what they and their representatives want, and how they would like the necessary changes in the relations between the federal government and the communities to be planned.

Is the hon. member of Saint-Jean, who has convinced his colleagues, including myself, of the validity of this proposal, now alone? Are we the only ones to take this view of resolving the problems of aboriginal communities? No.

I need not repeat what my colleague, the hon. member for Kamouraska—Rivière-du-Loup mentioned earlier. We all know that the Liberal members of this House can be hard of hearing, to say the least, and have a hard time understanding sometimes, which means that we have to repeat the same things over and over if we want to at least be heard by this government and try to get our point across.

On this issue, it is important to remind the House that 542 of the 610 aboriginal communities, not only in Quebec but across Canada, oppose this bill; 85 per cent of the First Nations categorically reject the proposal put forward by the minister in terms of process.

I will close on this last remark I just made: 85 per cent of aboriginal communities, of the First Nations have rejected the process put forward by the minister. Be that as it may, the minister, and his government, stubbornly want to press on. The minister and his government are going to botch this bill purely for electoral reasons, in order to be able to claim during the campaign that they have started working on the aboriginal issue. We condemn this today and will continue to condemn it during the next election campaign.

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**The Acting Speaker (Mr. Milliken):** All those in favour will please say yea.

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Milliken):** In my opinion the nays have it.

*And more than five members having risen:*

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

• (1600)

*And the division bells having rung:*

**The Acting Speaker (Mr. Milliken):** At the request of the chief opposition whip, the recorded division is deferred until tomorrow at the end of Government Orders.

\* \* \*

[English]

#### NUCLEAR SAFETY AND CONTROL ACT

The House resumed from February 12 consideration of the motion that Bill C-23, an act to establish the Canadian nuclear safety commission and to make consequential amendments, be read the third time and passed.

**Mr. David Chatters (Athabasca, Ref.):** Mr. Speaker, I am pleased to rise today to join this debate at the third reading stage of Bill C-23, an act to establish the Canadian nuclear safety commission.

It is worth noting this bill constitutes the first effort in 50 years to redefine the relationship between the Canadian public and the Canadian government in the nuclear industry. The fact that this is the first effort in 50 years is enough reason for Reformers to at least give qualified support to the legislation. We are at least applauding the effort that has been put forward. However, I insist on using the term qualified because the bill has a lot of shortcomings.

The bill's shortcomings were identified both at committee and at report stage. Those shortcomings remain in the bill because as usual the Liberal government did not give serious consideration to the proposals put forward by Bloc and Reform members in opposition. The suggestions put forward by my colleague from the Bloc were well reasoned and well intended proposals and were very similar to those advanced by my colleague, the member for

Nanaimo—Cowichan. Both groups of amendments would have enhanced the transparency of the activities within the Canadian nuclear industry.

I will briefly discuss the proposals and why they were found to be unacceptable. The proposals were intended to enhance the accountability of the nuclear industry to the Canadian people and to make those issues understandable by people across the country and members across the way. I do not understand why the Liberals have such a problem with the concept of accountability, but it is certainly understandable when we look at the other issues that have been before the House, for example the GST, Airbus and the Krever inquiry. That does not make it any better than in this instance.

The issues of transparency and accountability are very central to this bill and to the desires of Canadians, at least from what we heard from the witnesses in committee. For years the nuclear industry in Canada has functioned with little public scrutiny, little transparency and virtual immunity or impunity, depending on your point of view. In either characterization there is a sense among the population of Canada that nuclear safety has not rated as a priority for this and previous Liberal and Tory governments. The situation has not been addressed by Bill C-23, which is regrettable because the government had the opportunity to do so in this bill.

To illustrate the bill's shortcomings let us look at the present issue of nuclear safety through the lens of nuclear waste disposal. This is a matter I will continually refer to. In May 1995 and November 1996 the auditor general's report touched on the clean-up of low and high level radioactive waste would cost billions. Yet the auditor general noted that the federal government's share of the clean-up did not constitute parts of its budget forecast and expenditures. The auditor general indicated that this lack of financial acknowledgement by the federal government constitutes a serious unfunded liability which changes the accuracy of the government's reported financial position.

My friends across the way will argue, as the natural resources minister did on November 26, 1996, that the government takes the health related concerns of nuclear waste disposal very seriously. The reality and the lack of a co-ordinated action by this government speak volumes about the neglect and the problems associated with nuclear waste. In any event, the auditor general reported that the costs associated with cleaning up contaminated federal sites was being ignored by the federal government. This should highlight for Canadians the inadequate accounting procedure by the federal government and represents a lack of responsibility by the Liberals to the taxpaying public.

• (1605)

When we put that alongside recent efforts by the Liberal government to delay and possibly scrap their promise to dispose of low level radioactive waste near the town of Deep River, Canadians can appreciate that this government is not serious about addressing



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the problems and research solutions needed in the area of nuclear waste disposal.

In short, the government will not recognize the environmental disaster in its own backyard or the potential costs associated with its clean-up. It is renegeing on its promise to the people of Deep River and closing R and D facilities all because it says it does not have enough money to pay for services in these areas. However, I want to remind the Canadian public and the Liberals that they have no problem coughing up \$1.5 billion of Canadian taxpayer money to lend to the Chinese government. The Liberals can do this so the current government of China could build Candu reactors.

Bill C-23 does increase the regulatory burden already present within the nuclear industry. The nuclear safety and control act replaces the Atomic Energy Control Act with a new regulatory framework for the nuclear energy industry.

The natural resources ministers has stated that the bill is intended to modernize nuclear regulations and eliminate overlap with provincial regulatory agencies. This is something that has not been done in 50 years.

**The Acting Speaker (Mr. Milliken):** Order. The hon. Minister of National Defence on a point of order.

\* \* \*

**POINTS OF ORDER**

## COMMENTS DURING QUESTION PERIOD

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, as the Chair will know, there is a major presentation to be made to the House this afternoon.

In question period this afternoon the hon. member for Beaver River referred to parliamentarians as parliamentary porkers and I want to apologize because in response to that I said something relating to pork. I think the words were totally inappropriate and I want to withdraw those words.

**The Acting Speaker (Mr. Milliken):** I thank the hon. minister.

\* \* \*

**NUCLEAR SAFETY AND CONTROL ACT**

The House resumed consideration of the motion that Bill C-23, an act to establish the Canadian nuclear safety commission and to make consequential amendments to other acts, be read the third time and passed.

**Mr. Chatters:** Mr. Speaker, I would like to go back by way of background some 50 years. When the atomic age started in Canada we were in the throes of the second world war. Scientists who discovered nuclear fission realized its tremendous potential as a

weapon if controlled and its potential to destroy the world if uncontrolled.

Since then nuclear experiments and facilities were given the highest possible security classification. The absolute necessity for secrecy has haunted and been part of the atomic and nuclear energy field ever since. Certainly that same situation does not exist today in Canada. Canada has long since rejected the participation in the production of nuclear war machinery or issues of war production and therefore should have also rejected the veil of secrecy that surrounds the production of nuclear energy in Canada.

Canada's nuclear role begins with the building of the research facility at Chalk River, Ontario and, oddly enough, the recent closing of a research facility in Chalk River might also herald the end of Canada's nuclear age.

All too often the activities at facilities under the administration of AECL are shrouded in secrecy. I agree that the public's right to know must be tempered with considerations of national security, but the concerns of national security certainly are not as paramount as they were some 50 years ago.

Yet this has meant that government is given a ready made excuse which it can use to limit Canadians' access to information where matters of atomic energy are concerned. Bill C-23 could have begun to diffuse some of the public apprehension and misunderstanding which has plagued activity within the Canadian nuclear industry for the past 50 years.

Again, I suggest to all members that there is a need to keep the public informed on issues where nuclear safety and energy are concerned.

● (1610)

Given what has been going on at AECL facilities across Canada in recent months, public openness by the government is sorely needed.

For example, Canadians should be told about the closure of the Chalk River superconducting cyclotron facility. Canadians should know that this research facility was closed down by the Liberal government's Minister of Natural Resources on January 31, 1997 at 11 a.m.

The Liberals would not even wait for this House to resume sitting so that the closure could be brought forward for discussion. I am sickened that even with the member for Renfrew—Nipissing—Pembroke sitting in the Liberal caucus could not stop the closure.

Then again, perhaps the closure of TASCC was his reward for voting against the government's gun control bill, Bill C-68. It did not matter that hundreds of scientists from around the world, including three Nobel laureates, pleaded with the natural resources minister back in October to keep this research facility open.

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I point out for the benefit of those listening that Canadian taxpayers spent \$70 million on building this facility and now it has been turned off. Now that it has been closed it is worth absolutely nothing. In addition, the research scientists who worked at the facility are preparing to move to the United States where evidently research and development is taken more seriously.

The former employees of TASCSC have indicated that equipment from Chalk River may find its way into the Brookhaven Institute in the United States.

Reformers and Canadians can speculate on the myopic vision of the government's commitment to research and development initiatives in Canada. However, the question still remains why the Liberals closed this facility.

They will argue that it was a question of priorities and that the government could not find the money. Yet because the federal government could not come up with \$3 million in operating costs, it effectively threw away \$70 million. This was done even though companies such as Spar Aerospace of Canada had been funding increasing amounts of research efforts at TASCSC with private funds. Eventually this would have seen the facility function without any tax dollars.

However, let us look at the government's priority and commitment in spending in general. The TASCSC facility needed \$3 million in operating grants which would have allowed it to remain open. The government claims it did not have the money. Yet this is the same government that spent an estimated \$20 million on Canadian flag giveaways, \$100 million toward the propaganda office in Montreal, \$87 million in a loan to the financially sound and profitable Bombardier of Montreal. Sadly, the Liberals also had \$3 million and climbing of taxpayer money to apologize to former Prime Minister Mulroney and pay his lawyers. The Liberals will probably need to waste another billion dollars because of their incompetence and bungling on the Pearson airport deal.

Perhaps it is not fair to my colleagues across the way to highlight wasted tax dollars on those projects. No doubt Liberal members will want to point out that those expenses are unrelated to the workings of Atomic Energy of Canada Limited or, for that matter, the nuclear safety commission which is what Bill C-23 seeks to establish.

The members across the way want Canadians to believe that the Liberal commitment to R and D is well in line with red book promises.

In any event, the real blow to the Canadian taxpayer is in the area of prioritised research and development spending at AECL.

Just before Christmas the government announced the sale of Candu technology to the Chinese government. In order to get the deal signed, the Government of Canada committed to lend the

Chinese government \$1.5 billion financed on the backs of Canadian taxpayers.

The government was willing to gamble over \$1.5 billion but could not come up with a minuscule fraction of that, \$3 million, in order to keep the TASCSC project at Chalk River going.

Again, the perception of secrecy surrounds these and other projects and continues to remain part of the nuclear energy scene. This perception, perhaps more than any other, has been responsible for the public's lack of knowledge and apprehension about nuclear matters. However, the byproduct of any nuclear endeavour is the radioactive waste that results.

Radioactive contamination is the other big consideration affecting the nuclear industry today and tomorrow. This poses a problem of considerable magnitude for this government because not only do we mine and export uranium, we burn it in our reactors as well.

Canada is one of the world's leading producers of uranium and therefore one of the leading producers of uranium tailings. This is the residue associated with uranium mining. The government has recognized this and decided that any legislative response must ensure that uranium mining and refinement industries are subject to government controls and laws such as those in Bill C-23.

• (1615)

Clearly Canada has great technological expertise in the nuclear industry generally and specifically in the construction of nuclear reactors. This should be exploited but not at the expense of other problem areas which must be addressed and controlled.

Again I want to stress to the Liberal members across the way that Bill C-23 falls short in its response to the issue of radioactive waste, particularly high level waste.

The high level waste disposal problem is exacerbated by the rumoured disposal of plutonium from Russia and American nuclear weapons which are to be destroyed. Here again Canada has expertise and can help the world situation. Yet it can only do so if the Canadian public knows what is going on and understands the risks and agrees with the plan of action.

This bill does nothing which would permit an agency to educate or inform the Canadian public on the consequences or risks associated with burning plutonium in a Canadian reactor.

No doubt something like Bill C-23 is needed. Reformers feel this bill does not adequately address two key areas. The first is the question of public education. The Canadian public has a right to know what is going on and to help decide what Canada should or should not be doing in the nuclear field.

Canadians need access to more facts than they have had in the past. Regrettably, the amendments put forward by my colleague from Nanaimo—Cowichan were not accepted. They would have addressed the issue of public awareness by assigning some respon-

sibility for public education information to the Canadian Nuclear Safety Commission.

The second area of concern inadequately addressed by Bill C-23 is the removal of ministerial responsibility for promoting nuclear safety. If the Minister of Natural Resources is responsible for the promotion of the nuclear industry, and that in itself is a question, she must also be responsible for all aspects of nuclear safety.

Members of the opposition put forward motions that would have addressed the short circuiting of ministerial responsibility, but the government has chosen to ignore them.

As I stated earlier, my Reform colleagues and I will be supporting the bill at third reading. In doing so, we point out for members on both sides of the House that Bill C-23 is the first effort in 50 years at redefining the relationship between the public and the nuclear industry within Canada.

Therefore Bill C-23 constitutes only the first tentative steps in the right direction. However, there is still an unfulfilled expectation that the government would put measures in place that would open up the nuclear industry to greater public scrutiny.

It was also hoped that the Nuclear Safety Commission, tasked with providing information to the public, would also be transparent in its future dealings. Sadly, this will not be a benefit resulting from Bill C-23.

In closing, I stress to the Canadian public that Reform MPs would correct many of the deficiencies of Bill C-23 if allowed to do so. Indeed, we may very well be given that opportunity after the next election.

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

**An hon. member:** Question.

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

**Some hon. members:** Agreed.

**Some hon. members:** No.

**An hon. member:** On division.

Motion agreed to, bill read the third time and passed.

SUSPENSION OF SITTING

**The Acting Speaker (Mr. Milliken):** In light of the time, is there agreement on the part of the House that we suspend the sitting until the call of the Chair at 4.30 p.m.?

**Some hon. members:** Agreed.

(The sitting of the House was suspended at 4.19 p.m.)

### *The Budget*

[Translation]

SITTING RESUMED

The House resumed at 4.35 p.m.

**The Speaker:** It being 4.30 p.m., the House will now proceed to the consideration of Ways and Means Motion No. 15, dealing with the budget.

\* \* \*

### THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

**Hon. Paul Martin (Minister of Finance, Lib.)** moved:

That this House approve in general the budgetary policy of the government.

He said: Mr. Speaker, I am tabling the budget documents, including notices of ways and means motions. The details of the measures are contained in the documents. I am asking that an order of the day be designated for consideration of these motions.

Pursuant to an order of this House, I will introduce today a bill seeking borrowing authority for the 1997-98 fiscal year. I am also announcing that the government will, at the first opportunity, table bills to implement the other measures announced in this budget, as soon as the implementation of these measures will require such legislation.

Before beginning, let me take this opportunity on behalf of the Prime Minister and myself to express our appreciation to the various committees of caucus and of this House, including the Standing Committee on Finance, for all the work they have done leading up to this budget, the fourth one of our government.

[English]

As in budgets past, cabinet ministers in each of their departments have had to wrestle with difficult choices. The members of caucus have been on the front lines of the debate in each of their ridings. We are deeply indebted and very grateful to them.

Last but not most important, let me say how much we owe to the unprecedented numbers of Canadians who have come forward to offer their views and their ideas to us. They have responded with enthusiasm and energy to the opening up of the process of budget making, and the country is much the better for it.

[Translation]

Our goal from the beginning has been clear: to strengthen the Canadian economy so that it creates more jobs; to strengthen Canadian society by preserving the programs that sustain the well-being of our people; in short, our goal has been to restore the confidence of Canadians in their future.

*The Budget*

When we took office, Canadians were aware of the many challenges we as a people faced and of the need, therefore, for broad and deep reform. They did not want tinkering. They sought lasting solutions. They wanted their government to implement a plan—and to stick to it. This, we have done in our first three budgets, and this, we are continuing to do in this budget.

As a country, we have had to make some difficult decisions. The adjustment has not been easy. But today, we are well down the road to success. Our task now is to complete the journey.

[*English*]

Our purpose today is twofold. It is to report to the Canadian people on progress made and it is to set out the further steps that lie before us. This budget will show that our effort to restore health to the nation's finances is very clearly on track and that we are staying the course of deficit reduction.

This is a budget that will impose no new taxes on Canadians. It is a budget that in selected areas will reduce them. It is a budget that will reinforce our plan for economic growth for jobs in the immediate and in the long term. It is a budget that will announce important investments in key priority areas for Canadians, post-secondary education, medicare and children.

• (1640)

Finally, it is a budget that will lay out the direction for the years that lie beyond, for our concern cannot only be to address the remainder of this government's mandate; we must as well prepare Canada for a new century.

Since the deep recession of the early 1990s, Canada's economic recovery has not been as strong as any one of us would have liked. There can be no more visible sign of this than an unemployment rate that is still unacceptably high. But today our economy is growing and strengthening.

[*Translation*]

Short-term interest rates are lower than they have been in close to 35 years. Inflation remains under firm control. Our merchandise trade balance—exports over imports—set a record surplus in 1996. Our current account moved into the black for the first time in 12 years. This means that more of the income generated in Canada, stays in Canada, rather than being sent abroad.

[*English*]

The renewed confidence in our economy has not happened by accident. It has come about because of the efforts of millions of Canadians, each in their own way, striving for a better future. It has happened because governments finally caught up with what Cana-

dians have long realized, that chronic deficits and runaway debt had become an obstacle to jobs.

It is no exaggeration to state that only four short years ago the economic future of our country was at risk. A vicious circle had set in. Higher deficits pushed interest rates up. Higher interest rates weakened the economy and hurt job creation. The weaker economy and high interest rates, in turn, pushed the deficit up even further. Canadians knew that this vicious circle had to be broken and we have broken it. That we chose to do so was not a question of ideology; it was a matter of necessity.

In 1993-94 the deficit had risen to \$42 billion, approximately 6 per cent of GDP. During the 1993 election campaign we committed that it would be reduced to 3 per cent of GDP or \$24.3 billion by this current year.

I cannot today give a definitive deficit number for 1996-97. We still need to receive the results for January, February and March. That being said, it is now clear that our target will be bettered.

Indeed even after including this budget's new spending, we can safely say that the deficit for 1996-97 will be no higher than \$19 billion. This is more than \$5 billion lower than our target. It is about \$9.5 billion below the previous year. It is the largest year over year decline ever in Canadian history.

[*Translation*]

We can safely say that the deficit for 1996-97 will be no higher than \$19 billion, that is \$9.5 billion below the previous year. It is the largest year-over-year decline ever.

• (1645)

Furthermore, we are also clearly on track to meeting our deficit targets for the following two years—2 per cent of GDP for 1997-98, and 1 per cent for 1998-99.

[*English*]

I know a good number of private sector forecasters are saying that we will do much better than this, including some public sector forecasters. I hope they are right. They may very well be. We have always said that our targets were not the most we would do but the least we could do.

Let me explain. Most forecasters assume that the future will unfold without surprises. Ministers of finance do not have that luxury. The world rarely behaves as predicted. The bond market changes its mind every single day. Ministers of finance, on the other hand, must set out a track on which people can rely. That is why, first of all, we have built into our deficit targets a \$3 billion contingency reserve to handle unforeseen developments. We have always said we would not spend this reserve and we have not.

*The Budget*

Second, having taken the consensus forecast of the private sector as our base, we have built a further prudence factor into our assumptions with respect to interest rates and growth.

The result of this approach, in addition to the measures taken to reduce spending, has been restored credibility in financial markets, and a rising level of confidence in Canada's economic future. That this has led us to doing better than our targets is hardly reason to change our methodology. It is in fact a reason to stick with it, and we will.

[*Translation*]

For 1998-99, the government's deficit target is \$9 billion, an amount that the government will be able to finance internally, that is to say without any net new borrowing from financial markets.

International comparisons are important in this highly competitive world. The comparison arising out of new borrowing requirements is one of which we can be particularly proud. This is the way many countries—the United States, Germany and Japan, for example—measure their deficits. According to this measure, by 1998-99, Canada is expected to have a small surplus—and the best financial record of any of the seven largest industrialized countries. This is a turnaround of unprecedented proportions.

[*English*]

Let me reiterate what we have said in each of our previous budgets. We will balance the books. We will do so by maintaining our pace: deliberate, measured and responsible. We will maintain our approach of two-year rolling targets. And we will not alter course. Moreover, we will meet our objectives, as in the past, by focusing on getting spending right, not by raising taxes.

The fact is that by 1998-99, government spending on everything but the debt will have been reduced from \$120 billion in 1993-94 to \$103.5 billion. This is \$2 billion less than was projected last year.

I have spoken thus far about the deficit, about spending, about our borrowing requirements. But the most important measure of the financial health of a country ultimately is its ability to manage its debt. This ability is measured by what is called the debt to GDP ratio.

Over the past two decades, this ratio has been rising relentlessly. In other words, the debt of Canada's government has been rising faster than the income of the country. This had to be stopped. And we are stopping it. Our economy will soon be growing faster than our debt. More and more of each revenue dollar will go to pay for services that Canadians need rather than to pay bondholders. Our goal is to put the debt to GDP ratio on a permanent downward track. It is a goal that for the first time in over 20 years is now within reach.

• (1650)

[*Translation*]

It is clear that on virtually every financial indicator, Canada is doing well. Fine. The question is, what does this have to do with jobs? The answer is everything.

The recovery in our financial health has caused the interest rate picture in Canada to improve dramatically. This is crucial for job creation.

[*English*]

The turnaround in Canada's short term interest rates has been historic. In the past two years, they have come down by almost five and a half percentage points. But what is even more significant is that for the past 20 years short term rates in Canada have averaged two percentage points higher than those in the United States. However, as we speak today, they are about two and a quarter percentage points lower.

This dramatic reversal in our favour is not a matter of luck. The new found freedom to make our own decisions can only be explained by the discipline in the country's financial management and the new confidence and credibility this has created.

While we know from history that it takes time for lower interest rates to stimulate the creation of jobs, we also know that today this process is taking hold. In the last four months 85,000 new jobs have been created by the private sector. It is equally significant that almost all these jobs have been full time.

Those sectors of the economy that respond the most quickly to lower interest rates are growing strongly. Housing resales have reached record levels and the sale of consumer goods is up substantially. Indeed, there is a consensus, both domestically and internationally, that none of the seven major industrial countries will do better than Canada in 1997. As a result, most Canadian forecasters are projecting that employment will increase by between 300,000 and 350,000 jobs during the course of this year.

All this being said, while the outlook is brighter, it is by no means bright enough. Those who are unemployed certainly know that. So too do those who have jobs but worry they might lose them. So too do families that are concerned about what the future may hold for their children.

Economists can talk about globalization. They can talk about technical change in the abstract all they want, but governments must not. We cannot treat the restructuring that we are all living through as if it were some mechanical concept of academic interest only. It is a phenomenon with very real human consequences. As economies restructure, as governments are forced to do so as well, we must never lose sight of the impact this is having on hundreds of communities and on many thousands of families.

*The Budget*

This is why we believe the role of government is not simply to stand still or to stand aside. Its role must be to stand with those Canadians who are having difficulty adjusting to a turbulent world.

The simple fact of the matter is that the short term interests of the market do not always address the long term needs of the nation. A country is not a balance sheet. For this government, taking care of our future requires more than simply taking care of the books.

• (1655)

On coming into office, it was very clear what our jobs and growth plan had to be. First, we had to restore responsible management to the country's finances. Second, we had to invest in those areas of the economy that would provide immediate growth and job potential, thereby serving as a bridge until the full impact of our effort to get interest rates down and restore confidence took hold. Third, we had to look beyond the short term to make investments that would strengthen long term economic growth, investments that by their very nature would take time to kick in, but would create ongoing momentum in an ever-changing job market.

This plan has been part of every budget we have brought down including this one.

[*Translation*]

We have taken initiatives in infrastructure, trade, youth employment, labour market training, payroll tax reduction, tourism, rural Canada and small business.

For example, upon coming into office, we provided \$2 billion for the \$6 billion three-year Canada Infrastructure Works Program. In partnership with the municipalities and every province across the country, over 12,000 projects were undertaken.

Last month, we announced an extension of this Program for another year. This means that in 1997, the federal government's contribution will be \$600 million, \$425 million of which is new money.

In the international trade sector, four Team Canada trade missions unprecedented in their results have been led by the Prime Minister. Moreover, financing for Canadian exports has been improved through new investments in the Export Development Corporation. All this is paying off. The fact is that since 1992, the volume of our exports has soared by almost 50 per cent. Talk about jobs!

On youth employment, last week, the government announced an initiative that will support 120,000 summer jobs over the next two years and, in addition, create new internship programs to provide over 19,000 positions to give young Canadians real work experience.

On payroll taxes, when we came into office, we acted immediately to stop EI premium rates from rising to \$3.30, and we have

reduced them as much as we can each and every year. For 1998, we have assumed the EI premium rate will be reduced to \$2.80.

Furthermore, last fall, we announced a New Hires Program that will virtually eliminate EI premiums for additional employees hired this year by almost 900,000 eligible small businesses.

Reductions in the EI premium rate, and other EI reforms, together with the new Hires Program will save workers and employers \$1.7 billion this year alone.

Looking ahead, we have been clear since taking office that we will continue to reduce EI premiums as fast as our fiscal situation permits.

[*English*]

Tourism is an important creator of jobs. Indeed, the Canadian Tourism Commission estimates that over the next decade 125,000 new jobs can be created in this sector alone. Therefore, today we are providing the commission with an additional \$15 million of funding for tourism promotion in each of the next three years.

As in the past, the private sector will be asked to match our contribution dollar for dollar. In addition, we are investing a further \$50 million in the Business Development Bank to help it finance up to \$500 million worth of private sector tourism infrastructure.

• (1700)

The pressures of adjustment to a changing world are as acute in rural Canada as they are anywhere in the economy. Therefore let me state unequivocally that we will ensure, whether it is through programs for infrastructure, tourism or high technology, that rural Canada has an opportunity to participate fully in everything the government has to offer as it builds for the next century.

In addition to the other programs in this budget, \$50 million in capital has been provided to the Farm Credit Corporation to expand its capacity to support growth and diversification in rural Canada.

Furthermore, we are announcing today that \$10 million in funding in each of the next three years will be devoted to ensuring that virtually every community in Canada between 400 people and 50,000 in population will be connected to the information highway over the next four years—5,000 communities in all.

Finally, we know how essential small business is to job creation. It is therefore no coincidence that virtually all the measures described thus far are of direct relevance to the success of Canadian entrepreneurship. However, there are two further initiatives that I would like to highlight.

First, I would like to note the announcement last week that Canada will be open to foreign branch banking. This will increase the financing options available to small and medium size business.

*The Budget*

Second, small business has been very clear about the major costs of the paper burden created by governments; for example, those imposed by the requirement to file payroll deductions with the federal government on a monthly basis. Small business is right. Therefore for small businesses with good records of compliance we are eliminating this requirement. They will now be permitted to file on a quarterly basis. This has the potential of benefiting up to 650,000 small businesses.

[*Translation*]

In each and every one of the areas I have addressed, a new ethic of partnership has clearly developed. It is important because co-operation and partnership among governments, and with the private sector, have become very much our way of conducting the nation's business.

I have just described some of the investments which have had an immediate impact on economic growth, and which will help bridge the gap to the stronger job creation that is now expected. Canadians can be assured that we will continue to provide this bridge as long as it is needed.

[*English*]

We discussed the short and the medium term. We must discuss the long term as well. We must broaden our notion of infrastructure. We must take it beyond its traditional meaning to include the components of future economic success, post-secondary education, knowledge, innovation. These are the building blocks of the new wealth of nations. It is in this infrastructure as well that government must invest, for if we fail to do so we will fail the country of tomorrow. We will short change the next generation.

Canadians know that a better education equals better jobs. This is true for our young people who are in school. It is also true for those already in the workforce whose continued employment is increasingly dependent on lifelong learning.

Therefore last year, to help with living expenses while attending university, a community college or a vocational school, we raised the amount used to set the education credit, thus reducing the taxes students or their parents must pay. Today we are raising this amount further. We will double it in two stages to \$200 per month.

• (1705)

Next, students also face additional fees apart from the cost of tuition itself. Until now these have not been covered by the tuition credit. Henceforth they will be.

Furthermore, under the current rules, some students or their parents cannot take advantage of these credits because they do not have sufficient income in a particular year to utilize them. This is often the case, for instance, for those students who do not have

supporting parents or for people who enroll in an education program later in life. Therefore we are changing the rules so that those who are not able to use these credits in the year of study will now be able to do so by carrying them forward to offset against future income.

As a result of the measures just announced and those put in place by last year's budget, the combined federal and provincial tax assistance for a typical student will rise from \$900 to over \$1,200 a year, an increase of one third.

Next, we are taking steps to assist students who have difficulties in managing the debt burden they incur through the taking out of student loans. Despite the assistance currently provided under the Canada student loans program, some students are unable to meet their loan repayment obligations. Therefore the federal government will extend from 18 to 30 months the period of time that students facing these difficulties can defer making loan repayments.

During this period the federal government will pay the interest the student would otherwise have had to pay. Combined with the existing grace period this means that students will have up to three years of help after graduation in managing their loans.

Furthermore, the federal government is ready to pursue with interested provinces, lenders and other groups an additional option for repaying student loans, one where the repayment schedule will be tied directly to a student's income.

[*Translation*]

Thus far, we have spoken about measures to support those already in school, or those who wish to return to upgrade their qualifications. But increasingly, parents with young children are worried that they will not be able to afford the costs of their education. Registered education savings plans exist to provide parents with incentives to save for their children's education.

[*English*]

Today we are announcing measures to make registered education savings plans more attractive and flexible. In order to help parents save more in RESPs the annual contribution limit will be doubled to \$4,000. This will enable those parents who do not start until their children are older to still accumulate substantial savings.

Finally, we have found that some parents may be reluctant to invest in RESPs because they fear losing their investment if their children do not pursue higher education. Therefore we are allowing individuals to transfer unused RESP income into their RRSPs if they have room.

In all, the initiatives announced in this budget will at maturity increase tax assistance to students and their families by some \$275 million a year.

*The Budget*

Just as broader and better access to higher learning is essential for students and those already in the workforce, so too they must be provided the facilities needed to acquire that education.

In many such instances, the research facilities at our universities, our colleges and our hospitals are critical. They are the linchpin for world class education. Why? They provide the tools needed to develop leading edge skills. The fact is that it is only through knowledge, information and ideas that new products and new services will be created. It is only if there is an opportunity to develop these products and these services in Canada, not abroad, that our best and our brightest will be able to contribute to the prosperity of their own country.

• (1710)

[Translation]

In short, the research facilities in our hospitals, our universities and our colleges are part of the root system of our economic prospects for the future.

But, too often, those facilities are far from what they should be to meet today's challenges. The fact is that much of our current research infrastructure is literally unable to handle the kind of pressures required to keep Canada in the front ranks of the new economy.

Innovation doesn't just happen. It requires investment. Therefore, the government announces today that it is establishing the Canada Foundation for Innovation, with an \$800 million contribution to support research facilities in our universities, colleges and hospitals.

The focus of the Foundation will be to support research infrastructure in the areas of health, the environment, science and engineering.

[English]

Innovation does not just happen. It requires investment. Therefore the government is announcing today that it is establishing the Canada Foundation for Innovation, with an initial investment of \$800 million to support research facilities in our universities, our colleges and our hospitals.

The focus of the foundation will be to support research infrastructure in the areas of health, the environment, science and engineering.

[Translation]

The Canada Foundation for Innovation represents an entirely new approach to addressing the innovation challenge we have described.

The Foundation will be set up outside of government and will operate independently of government. Investment decisions will be made solely by a board of directors, the majority of whom will be drawn from the private sector and the research and academic communities.

The Foundation will be able to provide about \$180 million annually over the next five years to support important research infrastructure.

[English]

The Canada Foundation for Innovation is about looking forward. It is about our children. It is about education. In short, it is about investing in the future growth of our economy, making a down payment today for a much greater reward tomorrow. Through partnerships for individual projects, be they with the research institutions themselves, with the private sector or with the provinces, the Canada Foundation for Innovation's resources could very well lead up to \$2 billion in needed investment, laying the foundation for tomorrow's jobs as well as today's.

Thus far I have spoken about our plan for economic growth and jobs, but if our plan for a strong economy is to succeed then we must have a strong society as well. The ultimate test of a nation lies in its will and its capacity to support those who are the most vulnerable, its will and its capacity to sustain the programs upon which every one of its citizens depends.

This government promised to make the retirement income system secure for Canadians. We are well on the way to doing this. No other industrial country has done as much as Canada has to come to grips with the challenges of an aging society. As we announced last week, we and a majority of the provinces have agreed to a strong and balanced package of reforms that will ensure that the Canada pension plan is there for Canadians. With the introduction of the new seniors benefit in the year 2001, we will have taken action to make the public pension system in Canada secure and sustainable for future generations while fully protecting current seniors.

• (1715)

Canada's system of publicly funded universal health care is one of this country's greatest achievements. This government's commitment to the principles contained in the Canada Health Act is unequivocal. These principles will be maintained. They will be enforced.

[Translation]

The federal government supports health, education and welfare by providing transfers to the provinces. Last year, under the new Canada Health and Social Transfer, a predictable and assured level of funding was legislated for the five-year period through to the year 2002-03.

A stable transfer of more than \$25 billion annually in cash and tax points is in place until the turn of the century, at which time it will begin growing. Legislation passed last year also guarantees that the cash component of the transfer will never fall below \$11 billion per year. This is a floor, not a ceiling. Indeed, cash transfers to the provinces are projected to begin growing around the year 2000.



*The Budget*

This federal funding ensures that the principles of medicare will be protected. But this speaks to only one part of our challenge.

The second part is to acknowledge and act upon the need for change. Yes, we will protect medicare but, more importantly, we must show the will and the wisdom to improve it—to strengthen it.

[*English*]

Upon coming into office, the Prime Minister established the National Forum on Health to advise Canadians on how to improve our health care system. Earlier this month the forum issued its report. As the Prime Minister has stated, it provides a comprehensive and common sense view of how governments must work together to address the long term health care challenge in Canada.

The forum's report is very clear. It confirms that while as a nation we devote sufficient financial resources to the health care system, these resources are not being spent as efficiently as they might be. The forum further states that the transition to a more effective way of running the system in the future requires some targeted investment today.

Therefore this budget provides \$300 million over the next three years to respond directly to the recommendations of the national forum. Let me emphasize that every single dollar will be devoted toward the delivery of better health services for Canadians.

First, the forum makes it clear that one of the greatest challenges we face is devising more innovative ways to deliver health care. Therefore, we are announcing today that we will provide \$150 million over the next three years to help the provinces put in place the type of pilot projects, for example, new approaches to home care, drug coverage and other innovations, that will enable them to test ways in which our health systems can be improved. This amount will be allocated to the provinces on an equal per capita basis and decisions regarding spending will be made jointly by Canada's ministers of health.

• (1720)

In the same vein, we will also provide \$50 million over the next three years to allow both levels of government to put in place a co-ordinated national system of health data, the Canada health information system. This will ensure that health care planners and individual Canadians across the country have the right information at the right time, including the most up to date knowledge possible concerning the best treatments available.

Next, the forum spoke out in favour of stronger community based programming. We agree. At the present time the federal government funds two community based programs directed toward improving the health of children.

The first is the community action program for children which today supports hundreds of community groups, for example in providing parenting education, child development centres and family resource programs, all directed to addressing the needs of children at risk up to the age of six years.

The second program is the Canada prenatal nutrition program, which promotes the birth of healthy babies among high risk pregnant woman.

We are announcing today that the resources for these two programs are being increased by almost \$100 million over the next three years.

It will not have escaped notice that the last two programs are directed to Canada's children. On this the forum was unequivocal. One of the best health care investments we can make for tomorrow is to improve the well-being of our children today.

[*Translation*]

Our children are our most precious resource and ensuring their health is our greatest responsibility. We know that an important determinant of the health of our children is the income they have to live on, as well as the services at their disposal. The question is, what are we doing about it? The answer, for too many children and their families, has been not nearly enough.

Child poverty is an issue on which the country is coming together. Canadians believe the challenge must be addressed. The Prime Minister has taken a leadership role and he and the premiers, at the First Ministers' Meeting last June, agreed to make investing in children a national priority. Social services ministers from across Canada are making great progress in identifying how we can move forward together.

We know that the causes of child poverty are many. We know that not all of them can be easily addressed.

For example, it is very clear that the ultimate solution includes a growing economy that creates jobs. That goal underpins the economic course we are on.

We also know that we must take the steps necessary to ensure that the services are in place that Canada's children require. Those include, for example, health and dental benefits, remedial help and good nutrition.

Yet today, for many children, those services are not there. This is simply not acceptable.

[*English*]

The fact is the way the current system of services and support to families works is contrary to common sense. It is also unfair.

At present, in most parts of the country when parents move off welfare and into the workforce to provide for themselves and their children, they may see their incomes actually drop. Their children

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lose the services provided to them under social assistance, services they need and deserve.

• (1725)

To persist with a system where the price that parents pay for rejoining the workforce is to see the circumstances of their children actually worsen is bad social policy. It is bad economic policy. Going to work should make people's lives better, not worse.

[Translation]

Meeting this challenge requires a national effort, a co-operative strategy, on the part of both the provinces and the federal government. Why? Because it is the provinces that are best equipped to deliver the services and support families need. And it is the federal government, through the tax system, that has the capacity to take the first step that will provide the provinces with the flexibility to devote appropriate funds for these services and support.

How? Through the provision, by the federal government, of an equal level of support for all low-income families, a platform on which the provinces can build.

[English]

Most of the great national programs in this country were built in stages. This was true of medicare. It was true of seniors' pensions. What is important is to take the crucial first step.

In this budget the federal government is proposing to allocate \$850 million to increase existing spending under the child tax benefit. This includes \$600 million in new funds as of July 1998 in addition to the \$250 million increase in child benefits announced in the 1996 budget. This means that \$6 billion will be provided annually to Canadian families under a new Canada child tax benefit.

Let me explain. In last year's budget we explained that funding for the working income supplement which helps meet some of the expenses incurred by low income families participating in the workforce would be doubled in two stages. In this budget to facilitate the move toward a national child benefit system, the working income supplement will be further enriched and then restructured as of July this year.

First, \$70 million of the increase in the supplement that was to be paid next year will be paid a year earlier. This will provide \$195 million in new benefits as of this July 1 to over 700,000 families who earned up to \$26,000 a year. One-third of these families are headed by single parents, usually women.

Next, the allocation of this benefit will be changed to reflect the number of children a family has, as do the child benefit allowances provided by the provinces under social assistance.

Finally, as just announced, an additional \$600 million per year will be provided to the new Canada child tax benefit.

[Translation]

Mr. Speaker, together with the \$250 million for the Working Income Supplement, which is being rolled into the new benefit, this will mean \$850 million per year of further federal support for over one million children and their families.

• (1730)

[English]

The creation of a new child benefit system is a major change which by its very nature requires moving forward together with the provinces. Discussions as to detail design are now under way. Part of the design involves the provinces moving to use the funds freed by the federal investment to provide children with the support and the services needed in their formative years.

For our part we are planning on full implementation no later than July 1998. However, if based on our discussions with the provinces it is possible to go sooner, we will do so. There can be no more worthy effort than a new partnership on behalf of Canada's children.

Today we are devoting significant new financial resources to meeting this challenge. Yet this can be but the beginning. We will provide additional resources as soon as we can afford it. The reason is very clear. Opportunity denied in childhood too often means chances lost in adulthood. The future of Canada's children is the future of our country as well.

Despite the many difficulties that Canadians face in day to day life, most are able to do so as healthy, able bodied citizens. However, Canadians with disabilities do not have the same opportunities. They face real barriers in everyday life. What these Canadians seek is not special treatment. They seek equal citizenship and they need our support to secure it.

[Translation]

Today, we are announcing measures that flow from the recommendations of the Federal Task Force on Disability Issues and build on the actions we took last year.

[English]

First, disabled workers will now be able to deduct the full cost of attendant care from their earned income. Second, audiologists will now be allowed to certify eligibility for the disability tax credit.

[Translation]

Third, the list of expenses eligible for the medical expense tax credit is being broadened substantially.

Fourth, we are doubling the limit on part-time attendant care.

*The Budget**[English]*

Fifth, we are introducing a refundable tax credit for low income working Canadians to help cover the high medical expenses that people with disabilities often face. This measure will provide additional support to about 280,000 working Canadians with high medical expenses.

Finally, the government is establishing a \$30 million dollar opportunities fund which will operate in partnership with non-governmental organizations to provide assistance for Canadians with disabilities. All in all, the measures outlined amount to an investment of some \$230 million over the next three years, a step on the way to a better life for many thousands of our fellow Canadians.

Across Canada millions of Canadians give freely of their time to support the work of non-profit, voluntary and charitable organizations. The generosity they show and the good work they do is invaluable. Their participation as citizens builds and maintains the quality of life in our communities. Governments have a very clear obligation to support their involvement and their dedication.

Today we are announcing important measures to encourage charitable giving. I will highlight two of the more significant measures.

*[Translation]*

First, the government proposes to increase the amount of donations for which the charitable credit can be claimed in any one year. In this budget, the allowable amount is being raised to 75 per cent and is being uniformly applied to all charities.

This will particularly help smaller charities such as food banks and shelters.

- (1735)

*[English]*

Next, as a result of the actions taken in past budgets as well as this one, for donations of cash, particularly from individuals with middle incomes, Canada has a more generous tax regime than that in place in the United States.

However, there is one area where the Canadian system is significantly less supportive of charities than that of the United States and that is in the donation of gifts in a form other than cash.

As a result of this differential, Canadian charities have told us that they have been far less successful in securing large donations than they otherwise might have been.

Therefore we are proposing tax changes for donations of publicly traded securities which will put our charities on an equal footing with those in the United States.

This change is designed to assist charities of all types. This means the United Way/Centraide, every member of Community

Foundations of Canada, universities, hospitals, for example. This provision will be reviewed after five years to ensure it is effective in both increasing donations and ensuring that the resulting distribution falls fairly and broadly across the spectrum.

*[Translation]*

Let me set out our policy and our commitment on the issue of taxation.

Our goal is straightforward. It is to reduce taxes.

The fact is we came into office in 1993, after a decade of constantly rising taxes. Within a month of our election, I stated that this was clearly one of the principal reasons why Canadians had lost faith in government. I further stated that we were determined to put a halt to spiralling taxes. And we have.

In not one of our budgets has there been an increase in personal income tax rates. Indeed, in last year's budget, and in this year's, we have not raised taxes at all. Indeed, we have put in place selective tax cuts where their positive impact will be greatest.

*[English]*

As we have outlined today, this budget proposes selective tax cuts for low income families, for charities, for Canadians with disabilities, for students and workers pursuing higher education, and for parents saving for their children's future education.

We have always said that this is the way we would begin the process of tax relief. In addition, we are continuing to reduce and simplify tariffs on imports, a major reform that last year alone saved Canadian consumers and business \$600 million.

Finally, as a result of fiscal restraint, Canadian interest rates have dropped substantially and this alone has put several billion dollars in additional purchasing power into the hands of Canadians.

With this as background, I would now like to address the suggestion by some that this is the time to introduce a broadly based tax cut.

Our position is quite straightforward. We would like to reduce personal income taxes more significantly and we will do so as soon as the country can afford it. But to do so now would be irresponsible.

Indeed, this debate is possible only because of the progress we and all Canadians have made in reducing the deficit and restoring responsible financial management over the last three years.

- (1740)

*[Translation]*

To propose a broadly based tax cut at this time is to pretend that the attack on the deficit is over. It isn't. It will be soon—but only if we keep to our course and stand firm.

*The Budget*

The issue is not whether we should reduce taxes because we are ahead of our deficit target. The real issue is whether we can afford to reduce taxes when we still have a sizeable deficit and when the debt-to-GDP ratio has not yet declined.

[*English*]

Let us face it. A broadly based tax reduction today would have to be paid for in one of two ways: by adding to the deficit or by cutting government programs further. Our view is clear. Neither one of these choices is acceptable. We will not break faith with the Canadian people after all the sacrifices they have made and after all that we together have been able to achieve. To drive the deficit up again would be to drive up interest rates. It would be to reduce confidence and seriously diminish the prospects for jobs and for growth that we now see. This we will not do.

Nor will we cut programs further. Yes, we have to keep up our efforts to root out waste and inefficiency. And yes, we have reduced spending, but we have done so in a way that preserves the essential priorities of the nation. Having spent three years looking at government spending, I can say that cutting billions of dollars further on top of the cuts that have already been made would have no other consequence than to put at risk programs that Canadians want us to protect, the programs that go to the heart of the nation's very sense of its well-being.

There will be a time to consider a broadly based tax reduction. But we will not do it until we know we can afford it and until we know it can be sustained. Our goal must be permanent fiscal recovery. That is the only assured route to permanent tax relief.

[*Translation*]

In concluding—

[*English*]

I just said I was going to conclude and the House leader said “thank heaven”.

[*Translation*]

Let me now summarize our plan for a strengthening economy and a stronger society, a plan acted upon in each of our budgets.

On taking office, we had to first re-establish confidence in the country's management of its financial affairs. Every one of our deficit targets has been met—in fact, bettered.

The second element of our plan has been to take action in areas that have an immediate impact on growth and jobs.

The third element has been to strengthen the foundation of long-term economic growth and jobs by investing in the knowledge infrastructure Canada must have.

And the fourth element has been to invest in a stronger society—in health, in the future of our children.

[*English*]

Fiscal control, immediate initiatives for jobs and for growth, longer term investments for a stronger economy, laying the foundation for a stronger society; these four elements make up our plan. They are what our previous budgets have been about. They are what this budget is about.

As I draw to a close, let me just say one thing. We must be very clear. There can be no going back. The days of over-reaching, over-spending governments are over. Nor can there be a return to the time when government would not or could not set priorities and, as a result, spent too much money on what did not matter and not enough on what did. What government does with its scarce resources shows what its values are.

• (1745)

This government has set its priorities and with this budget we are investing in them. While continuing to bring the deficit down, we are providing substantial new resources to invest in jobs, in health care, in education, in our children. This is a reflection of our values.

We have made it very clear that we will not deviate from the deficit track. However, to those who would use deficit reduction as a cover, an excuse to make government disappear, let me say that is not what we believe.

We believe that a government relieved of the deficit burden is not a government relieved of its responsibilities. It is a government able to fulfil them.

Our role must be to reach out to those in need. We must be able to speak for those whose voices are drowned out by the winds of change and the forces of privilege. The role of government must be to help the country reach forward to the future.

[*Translation*]

There is no doubt this has not been an easy decade for Canadians.

We have faced a painful process of adjustment to free trade and technological change.

But now, having done what we had to do, we can see that the worst is behind us, that brighter days lie ahead.

Obviously, we have not yet reached our destination, but we have made considerable progress, the era of cuts is ending, the finances of the nation are finally being brought under control, and we are at the point where we are now able to forge a new destiny for ourselves.

[*English*]

In terms of the nation's finances, very clearly our journey is not over. But equally clear is how far we have come. Far enough most

certainly for us now to come to a shared vision of the kind of country we want for our children and then to go on to build it.

This vision can never be anchored in the extremes of ideology, of left wing or right. It must be based on the great balance that has always been at the heart of our national mission, the balance between individual freedom and collective responsibility. It must be based on the knowledge that in a civilized society our public institutions and the sense of community and common purpose they represent are as critical to our economic health as are the operations of the free market.

If we have been forced to spend much of our energy addressing financial problems inherited from the past, now, with those problems on the way to resolution, we can focus on the promise of a future, on the great national challenges that lie ahead.

[*Translation*]

Let us never come to believe that there is such a thing as a tolerable level of child poverty or that a growing gap between the rich and the poor is ever acceptable. Let us never forget the debt we owe to our seniors.

[*English*]

Let us leave no stone unturned in our quest for jobs. Let us recognize that Canada's greatest natural resources do not lie buried deep in the ground, but in the skills and the talents of those who walk upon it.

Let us do what is necessary to ensure that Canada not only meets the standards of innovation that the world has set for today, but that we set the standards that others must meet tomorrow.

Let us speak loudly and clearly to those who believe we cannot afford medicare any more. Let us say that if there was ever a time in our history when we cannot afford not to have medicare, it is now. Let us go on to strengthen it for all time.

• (1750)

There is literally nothing standing in our way. We have it within ourselves to do all this and even more. For three years now, our course has been to provide Canada with a new beginning. The time has come to turn this beginning into great achievement.

It is time to shed doubt. It is time to turn away from the timid, from the pessimists, from those who believe we can settle for second best. It is time to speak to the reality of the national interest. It is time to say that this will not be a good country for any of us until it is a good country for all of us.

This is the course we are on. On this course we will stay and on this course we will stand.

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

### *The Budget*

#### **BORROWING AUTHORITY ACT, 1997-98**

**Hon. Paul Martin (Minister of Finance, Lib.)** moved for leave to introduce Bill C-83, an act to provide borrowing authority for the fiscal year beginning April 1, 1997.

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

[*Translation*]

\* \* \*

#### **THE BUDGET**

##### FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, before I get underway, I would like to acknowledge in the gallery Mr. Yves Duhaime, the next member for Saint-Maurice.

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

**Mr. Loubier:** To get back on track, the budget tabled today by the Minister of Finance is not worth the paper it is printed on. It is despicably election oriented.

It is an election budget, because the Minister of Finance missed a golden opportunity to do extraordinary things, given the exceptional circumstances. He could have done extraordinary things in job creation, in really fighting poverty, in providing a real impetus to long term employment while continuing to aim for zero deficit in the year 2000.

Instead, the Minister of Finance presented measures that are blatantly election oriented and a sad reflection on this government.

• (1755)

Let us take taxation, for example. Last November, we suggested to the Minister of Finance, in a detailed analysis with respect to a review of corporate taxation, ways to tighten up fiscal spending, unfair advantages for large corporations. This would have allowed him to recover no less than \$3 billion to plow back into SMBs in support of their job creation effort. What do we see in this budget? Nothing, in this regard. As for individual taxation, it is exactly the same thing.

He has been at the head of the federal finance department for three and a half years and he is unable to produce a single line of tax reform to make the system more equitable for low and middle income taxpayers. What they have done is to hang on to the unfair advantages for the very rich friends of the Liberal Party of Canada.

The Minister of Finance had extraordinary leeway. I will explain. If we compare the projected deficit when he brought down his last budget and the projections in the present budget together with the projections from the large Canadian firms that specialize in this sort of figures, the Minister of Finance had at least \$8 billion to play with in 1997-98.

### *The Budget*

In other words, while continuing to focus on lowering the deficit, and eliminating it by the year 2000, as the Government of Quebec has undertaken to do, the Minister of Finance could have done extraordinary things. Eight billion dollars worth of leeway, of flexibility. And the Minister of Finance is not taking advantage of this.

As far as job creation is concerned, 1.5 million people in Canada who were officially unemployed, three million if we include those who stopped looking for work because they were discouraged or because measures like employment insurance have marginalized them, three million unemployed could have expected something tangible in the way of job creation. They were waiting for the Minister of Finance. They were waiting for the budget.

Instead, the only measure involving new money in this budget amounts to \$25 million. Twenty five million dollars, when the Minister of Finance, with his \$8 billion, could easily have used part of the surplus in the unemployment insurance fund to make a substantial reduction in premiums. Not 10 cents, which is peanuts, but a substantial reduction in premiums to give job creation a boost. He could have done that. This is something we have been asking him to do for almost a year and a half.

He could also have announced that this decision to put in place the employment insurance system, a name that is rather odious, which came into effect last January, he could have taken part of the surplus generated by the unemployment insurance fund to once again provide adequate protection for the unemployed.

Instead, the Minister of Finance acted like a manager who is hard as nails. Not just a zero deficit objective for the year 2000 but a sky high surplus. The unemployed will just have to wait. As the Prime Minister said not long ago to the unemployed: "Good luck". That is the Minister of Finance for you.

As for child poverty, a few weeks ago, the Minister of Finance and the Prime Minister were all of sudden filled with compassion for the children they made even poorer during the past three and a half years with their cuts in social programs totalling \$4.5 billion. All of sudden, they feel compassion for poor children.

So what do they give to poor children? This year, \$50 million. This year, \$50 million more in new money for poor children. Next year, a program worth \$600 million in new benefits. Sure, \$600 million, but compare that with this government's past record. And this \$600 million is new money that is supposed to come to us after the election. Suppose they change their minds, the way they did with the GST?

• (1800)

They have changed their mind as well, an unkept promise of \$600 million for daycare; they could change their mind about the child benefit. A total of \$600 million, while they have cut \$4.5 billion from social programs. A total of \$600 million, while they

are going to take very close to \$1.5 billion away from the unemployed, just by creating employment insurance. Impoverishing the parents of children living in poverty—is that what battling poverty is all about?

It is odious to present things to us under that light. They are the ones responsible for the rise in child poverty, and they are the ones who were calling for a campaign against poverty in the red book, where they decried the fact that there were a million poor children in Canada. Thanks to them, those numbers have risen to 1.5 million; the bulk of the blame lies with them.

This budget sets up a foundation, with all the hoopla, all the theatrics and window dressing the Minister of Finance is capable of. A foundation to fund research in areas that include health and higher education. Here again, an \$800 million foundation. The first question that came to mind was where in the Minister of Finance's balance sheet did the \$800 million fit. Once again, it boils down to one thing: the Minister of Finance has cut transfer payments to the provinces for funding post-secondary education and health.

As a result, as a Canadian coalition told us in the Finance Committee, the cuts the minister has made will mean, for instance, that in the years to come biomedical research will be cut 30 per cent. This is the disaster the Minister of Finance has wrought. Then they come along to tell us that a research foundation is being created. Yes, created in order to try to pick up the pieces, for they have realized that they had made a mistake, but cannot face up to their mistakes.

And where, once again, are the \$800 million going to come from? Looking at the forecasts for transfer payments to the provinces made public last year by the Minister of Finance, and comparing them with the revised transfers presented by the Minister of Finance this year, we see that there is a "slight" drop of \$800 million in transfers to the provinces. And the research foundation costs precisely \$800 million, so once again it is clear that the initial funding for this foundation will be created at the expense of the provinces. That is what the finance minister is up to, and that is what we should thank him for? This budget is why we should be telling him he did a fine job? It is a monumental disgrace.

I will point out, Mr. Speaker, that all these new measures announced with fanfare, every one of them, are in areas exclusively under provincial jurisdiction. They all deal with health, education, income security, which are areas identified in the Constitution as areas exclusively under provincial jurisdiction.

It is quite strange that the Minister of Finance was able to find money on the side to announce, and make a big production of it, federal programs identified by a big flag and the words Government of Canada underneath, but he cannot find a red cent to maintain the transfer payments that were normally made to the provinces for social programs. It is really quite strange. Could it be that he is taking over provincial jurisdictions by squeezing the provinces out and using the Canadian flag and the words Govern-

*The Budget*

ment of Canada, prominently displayed, to score political points? The answer is yes.

The measures put forward by the Minister of Finance in this budget are an extension of the Deputy Prime Minister's flag policy, nothing more.

I would have had much to say about this budget; in fact, we will have the opportunity to do so in the days to come. Let me tell you about another important issue which is not mentioned in this budget: the compensation to which Quebec is entitled for harmonizing the GST.

Our province harmonized its sales tax with the GST as early as 1991. Today, it is presenting the federal government with a \$1.9 billion bill. The federal government signed an harmonization deal with the maritime provinces, and a cheque was immediately issued. The maritime provinces got close to \$1 billion in compensation for harmonizing the GST, while Quebec, which did the same in 1991,

did not get anything. For reasons of fairness and justice to Quebec, we expected the budget to make mention of a first payment to the Government of Quebec for harmonizing the GST, but there is no such mention.

In closing, I would like to quote the Minister of Finance, who said in his budget in brief, and I quote: "What government does with scarce resources shows what its values are". This budget shows the government's cynicism, blatantly election oriented strategies and a mockery of taxpayers in Quebec and Canada.

I would like to move the motion to adjourn the budget debate. I move, seconded by my colleague for Rimouski—Témiscouata:

That the debate be now adjourned.

(On motion of Mr. Loubier, debate adjourned.)

**The Speaker:** It being 6.05 p.m., the House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.05 p.m.)







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