



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Wednesday, October 24, 2001**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Wednesday, October 24, 2001

The House met at 2 p.m.

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*Prayers*

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• (1400)

[*Translation*]

**The Speaker:** As is our practice on Wednesday we will now sing O Canada, and we will be led by the hon. member for Souris—Moose Mountain.

[*Editor's Note: Members sang the national anthem*]

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## STATEMENTS BY MEMBERS

[*Translation*]

### REGIONAL PRODUCTS

**Hon. Denis Paradis (Brome—Missisquoi, Lib.):** Mr. Speaker, in my riding of Brome—Missisquoi, an event is held that is dear to the hearts of all lovers of fine food. It is called “Le canard du lac Brome en fête”.

This is a country celebration of the gastronomic and scenic wonders of the Eastern Townships.

More than 40 restaurants, hotels and inns in the region take part in the celebration of Brome Lake duck, which has become a real institution in our region, as well as gaining international renown. Hon. members will recall the place of honour our Brome Lake duck held at a reception given by our Prime Minister during the last summit of the Americas.

My congratulations to Claude Trottier of la Ferme des canards du lac Brome, founded in 1912, the oldest duck farm in Canada, as well as one of the region's biggest employers.

We can be proud of the dynamism of our people and their invaluable contribution to the development of our rural regions.

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[*English*]

### TERRORISM

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):** Mr. Speaker, terrorism and organized crime are interlinked. Terrorism is visible, violent and emotional so it is scary. Organized crime is latent, hidden and invisible so it is given less attention.

However its effect is long term. It undermines the economy and is a root cause of many social evils at high cost to taxpayers.

Terrorists thrive on organized crime. Drugs, fraud, human and firearms smuggling, extortion and money laundering are common symptoms. Due to recent heightened security potential terrorists may shift to organized crime to raise funds, strengthen themselves and wait to strike at the appropriate time.

The success or failure of our war on terror hinges on the ability and willingness of Liberals to fight terror and organized crime simultaneously. The government should create a synergy by integration and co-ordination of its resources, policy and legislation.

At a town hall meeting Surrey Central constituents told me they were afraid and that they believe the government is not doing enough to protect them. They expect no less.

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### BREEDER'S CROWN

**Mr. Shawn Murphy (Hillsborough, Lib.):** Mr. Speaker, I rise in the House today to congratulate all participants, volunteers and sponsors who organized the harness racing Breeder's Crown weekend which was recently held in Charlottetown.

The gala weekend included a reception, pancake breakfast, banquet and two cards of harness racing held between October 7 and October 9. The culmination of the weekend was the Breeder's Crown finale for two year old colts and fillies and three year old colts and fillies.

In particular I congratulate Joe Kennedy of Amherst, Nova Scotia, and Hardy Mills Stable, the owners of Firm's Phantom, winner of the three year old colt final and winner of 27 consecutive races over the past two years.

On behalf of all residents of the district of Hillsborough and all harness racing fans throughout the maritime provinces I thank all the participants, volunteers and sponsors of the very successful Breeder's Crown weekend.

\* \* \*

• (1405)

[*Translation*]

### UNITED NATIONS DAY

**Hon. Diane Marleau (Sudbury, Lib.):** Mr. Speaker, today is United Nations Day.

*S. O. 31*

On October 24, 1945, the United Nations Organization was founded, a significant date in world history. The Organization was quick to take its place on the international scene and now plays an irreplaceable role.

Canada's John Humphrey drafted the first version of the Declaration of Human Rights, which was to be adopted by the UN in 1948. Lester B. Pearson was the one who came up with the idea of the first peacekeeping operation, in 1956.

Canada has contributed greatly to the UN and has served six terms as a member of the Security Council. Many Canadians continue to be involved.

Let us take advantage of this day to focus on our commitment to the United Nations.

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**UNITED NATIONS DAY**

**Ms. Aileen Carroll (Barrie—Simcoe—Bradford, Lib.):** Mr. Speaker, it is an honour for me to remind parliamentarians that, today, Canadians are joining with the other members of the United Nations family, to celebrate United Nations Day, which marks the date the UN charter came into effect in 1945.

[*English*]

The credibility and effectiveness of the United Nations have been enhanced by the outstanding leadership of Secretary General Kofi Annan. His vision for a revitalized organization received a vote of confidence of the highest order when the Nobel committee decided to award the Nobel Peace Prize to him and to the United Nations.

It is clear that the terrorist threat can best be met through a coordinated multilateral response. However while the United Nations faces unprecedented challenges it is reassuring that the purposes and principles entrenched in its charter continue to provide inspiration for our multilateral efforts to meet these threats.

I take this opportunity to pay tribute to the many Canadians who serve throughout the United Nations system.

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**DON MCDERMID**

**Mr. Art Hanger (Calgary Northeast, Canadian Alliance):** Mr. Speaker, I rise to pay tribute to a great Canadian, Assistant Commissioner Don McDermid of RCMP K Division who retired on October 19, 2001. His last act of duty was to transfer command to Assistant Commissioner Sweeney.

A fitting ceremony was held for a man who dedicated over 36 years of his life to the service of his country and to the legacy and legend of the RCMP. Hundreds of family members, friends, acquaintances and business contacts gathered to pay tribute to the assistant commissioner. The true measure of this man's accomplishments was expressed through the relationships he had developed with others over his years as a lawman.

Too often men strive just to gain the praise of others. Not so for Assistant Commissioner McDermid. He was praised by many though he did not seek it. His dedication, loyalty and integrity

brought true success and his leadership inspired confidence in the community he served.

Assistant Commissioner McDermid's daughter graciously spoke the words that said it all: "You can't get any more Canadian than to be part of a family whose father is a Mountie". We are all part of that Canadian family.

I thank Don McDermid and his wife Pat for their years of service and love of Canada.

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**WOMEN OF THE YEAR AWARDS**

**Mrs. Karen Redman (Kitchener Centre, Lib.):** Mr. Speaker, I ask the House to join me today in congratulating the outstanding Kitchener women who were recently honoured at the Kitchener-Waterloo Oktoberfest. These women were recognized for their contributions within various aspects of our community.

Deborah Rothwell has made a significant impact in the arts community. Nancy Fletcher was recognized for her commitment to home and family. Leslie Benecki has made remarkable career advancements. Yvonne Taylor was awarded for her achievements in sport and recreation. Marlene Fretz took the outstanding senior citizen honours and Jennifer Sloane received the youth leadership award.

I make special mention of Joan Euler who is well deserving of the community volunteer award. Joan is a treasure to all the organizations that benefit from the investment of her time and talent. I am proud to see that she was recognized with this special honour.

We have recently recognized Persons Day. The women of Kitchener share the spirit of the Famous Five. Their leadership and perseverance have set fine examples for future generations of young women.

\* \* \*

[*Translation*]

**UNITED NATIONS DAY**

**Ms. Francine Lalonde (Mercier, BQ):** Mr. Speaker, with the passage of each year we come back to United Nations Day. The charter of the UN was adopted 56 years ago today, and begins as follows:

We the peoples of the United Nations,  
determined to save succeeding generations from the scourge of war—  
—to reaffirm faith in fundamental human rights...in the equal rights of men and women and of nations large and small—  
—to promote social progress and better standards of life in larger freedom,  
have resolved to combine our efforts to accomplish these aims.

We have to admit that the world today is far from achieving these objectives, especially since September 11, as the UN is all too often too weak and its role is diminished.

May today's events give parliamentarians of all countries the courage and determination to once again include the UN in decisions.

•(1410)

#### AGREEMENT BETWEEN QUEBEC AND THE CREE

**Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.):** Mr. Speaker, yesterday, the Grand Chief of the Grand Council of the Crees, Dr. Ted Moses, signed a historic agreement in principle at the Quebec national assembly.

This agreement is based on a common desire to settle the disputes between Quebec and the Crees, through a new framework based on dialogue, to pursue the development of Northern Quebec in the respect of the Crees' way of life, and to ensure greater responsibility by the Crees regarding their own development.

Grand Chief Moses said "We feel that this agreement and the final agreement to be signed by the end of 2001 are important steps that will allow us to pursue the development of our communities and to become players in Quebec's development. The positive impact of this agreement on future opportunities for young people is even more important to us".

Congratulations to Dr. Ted Moses for his leadership, to his team and to Roméo Saganash.

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[English]

#### EXSHAW SCHOOL

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Mr. Speaker, I am pleased to stand here today to pay tribute to two people from my riding, Bonnie Ryan and Jeannie Taylor of Exshaw. While the Ryans were watching Senator Charles Schumer of New York on CNN, Senator Schumer commented about the nightmares his children had been experiencing since the tragedy of September 11.

When she heard this message Bonnie Ryan immediately decided to donate to Exshaw School the supplies required for the children to make dream catchers.

This past Wednesday the entire school of Exshaw, all 234 students, made dream catchers to send to some of the children of the police and fire personnel that were lost on September 11. After the dream catchers were made a native princess from the Stoney reserve came to bless them.

With the kind assistance of the Alberta government some of the children of emergency personnel will have their very own dream catchers. I wish these children only the happiest dreams courtesy of the true selflessness, generosity and kindness of Bonnie Ryan, Jeannie Taylor and all the caring students of Exshaw School.

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#### NORTHERN IRELAND

**Mr. Pat O'Brien (London—Fanshawe, Lib.):** Mr. Speaker, an historic step has been taken in the Northern Ireland peace process. The IRA's decommissioning of weapons is a decisive move toward a just and lasting peace.

Canada fully supports this move. In fact Canada has been instrumental in the peace process as well as the decommissioning process. Retired Canadian General John de Chastelain is head of the commission and he will be responsible for ensuring that the handing in of weapons is carried out.

S. O. 31

I congratulate the leadership of Sinn Fein for its political contribution in working for peace. I also reiterate that Canada will continue to play its part in the Northern Ireland peace process as we continue to encourage both communities to work toward a true and lasting peace.

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[Translation]

#### UNITED NATIONS DAY

**M. Svend Robinson (Burnaby—Douglas, NPD):** Mr. Speaker, today, October 24, is United Nations Day.

As UN Secretary General Kofi Annan pointed out, this is a very special day for each member of the United Nations family and for all those who believe in the ideals of that organization.

[English]

This year the United Nations has been awarded the Nobel Peace Prize for its important work in promoting peace, defending human rights and fighting poverty.

My colleagues in the New Democratic Party and I join in congratulating the United Nations, all of its agencies, and all the dedicated staff and volunteers for their important contributions.

Canadians have always played a key role in the United Nations: John Humphrey, Lester Pearson and others. We played a particularly significant role in United Nations peacekeeping.

At this critical time we call for the United Nations to play the central role in bringing to justice the perpetrators of the crimes against humanity of September 11 and in rebuilding Afghanistan in the future.

\* \* \*

[Translation]

#### INFORMATION PROGRAMS

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, the Scully affair is resurfacing today, despite that fact that certain people have been doing everything in their power for the past year to bury it.

Let us remember the facts: the program called *Le Canada du millénaire* and the heritage minutes for which former journalist Robert Guy Scully was either co-producer or co-creative director served as vehicles of federal propaganda.

In fact, Mr. Scully's production house, BCE Média, as well as the CRB Foundation served as fronts for the federal government to secretly channel funds from the Canada Information Office and Canadian Heritage to pay for these pseudo information programs.

The response from the CBC's ombudsman partially vindicates the complaint lodged by the Communications Union of Radio-Canada, by recommending that in the future, there be a requirement for all of the funding for information programs to be made public.

This is only a small victory in the battle against federal propaganda, since the Canada Information Office will have an annual budget of between \$30 million and \$60 million dollars over the next three years.

*Oral Questions*

The Bloc Québécois—

• (1415)

**The Speaker:** The hon. member for York West.

\* \* \*

[*English*]

**OPERATION APOLLO**

**Ms. Judy Sgro (York West, Lib.):** Mr. Speaker, I stand proudly in the House to applaud the men and women of the Canadian forces who are participating in Operation Apollo and to express my support for the families who stand by them.

Because of their dedication to our nation and to our values we have confidence in our armed forces, confidence in our leadership and confidence that we will see a positive resolution to the task at hand.

In the face of terror it is our moral responsibility to Canadians and to humanity as a whole to participate in this battle of fundamental importance.

I call on my fellow parliamentarians and every Canadian citizen to unite behind our armed forces and their loved ones who stay behind. In the struggle to preserve our freedom they make extraordinary sacrifices. They are all Canadian heroes of the highest calibre.

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**TRADE**

**Ms. Val Meredith (South Surrey—White Rock—Langley, PC/DR):** Mr. Speaker, last year an average of \$1.7 billion of commerce flowed across the Canada-U.S. border each and every day. Fifty-seven per cent of that commerce was Canadian exports heading south.

In the aftermath of September 11, that trade is now in jeopardy as the Americans place security at the top of their agenda. Yet when people like American Ambassador Paul Cellucci talk about perimeter security the government outrightly rejects that idea.

Members of the government frequently say that September 11 changed everything. However, when it comes to the \$1 billion a day in Canadian exports that head south to the United States, the government acts like nothing at all has changed.

Is the government prepared to protect Canadian exporters, or is it intent on sitting back and risking the one-third of the Canadian economy that is shipped to the United States each day?

**ORAL QUESTION PERIOD**

[*Translation*]

**HEALTH**

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, Bayer says that at no time did Health Canada contact it to order one million Cipro tablets.

The minister is accusing the company of lying. This is serious. It is only common sense that there should be a written request when one is getting ready to spend \$2 million.

Will the minister table evidence to support his statements, which are becoming increasingly contradictory?

[*English*]

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I made clear yesterday in the House, Health Canada officials have confirmed that on two occasions last week they asked for Cipro and they were refused.

By the way, while we are on the subject and in relation to a matter raised by the Leader of the Opposition yesterday, he should know that today Apotex agreed that if Bayer fills future orders from Health Canada and the Apotex product is not used, it will refund every cent of the Government of Canada's money to make sure that we do not pay one cent more than we should.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, damage control is an amazing thing. When a minister of the crown puts in an order of \$2 million to an international pharmacy company it is not the same as phoning the local pharmacy and asking if there is any aspirin on the shelves.

There must be a record of this request. The official opposition has now contacted Bayer and it has denied that any such request ever took place.

As the minister said, he has only two options. Will he restore his integrity by tabling the evidence that he ever made a request or will he restore the shattered public confidence in—

• (1420)

**The Speaker:** The hon. Minister of Health.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, Health Canada officials acted last week in good faith to protect the health of Canadians. They have confirmed to me their conversations with Bayer, and that is good enough for me.

I want to know why this member is more interested in protecting the bottom line of a giant pharmaceutical company than in protecting the health of Canadians.

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, the bottom line is that there is no proof that he is telling the truth. We cannot get an answer out of him.

My question is for the Minister of Finance. To be able to cover this loss of dollars and the hundreds of millions in other losses the auditor general has talked about this year, will the finance minister finally, after a year of our requesting, commit to restore some confidence in the public in terms of government spending and table a budget before the year is over? Will he do that?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, I compliment the Minister of Health on having the right priorities. When an urgent situation such as this exists, it is the responsibility of ministers to ensure that everything will be done to protect the health of Canadian citizens.

*Oral Questions*

**Mr. Charlie Penson (Peace River, Canadian Alliance):** Mr. Speaker, the Prime Minister might be a little early in congratulating the health minister. We have learned today that Health Canada had already ordered 800,000 Cipro pills from Bayer before it contacted Apotex.

An order for 400,000 pills was made by Health Canada on October 9 and was confirmed with a purchase order. An additional order for 400,000 pills was ordered on October 15, again confirmed with a purchase order. Bayer officials say there were no further discussions about quantities.

Why did the Minister of Health feel it was necessary to break the patent law by ordering pills from Apotex?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I made clear in the House what the facts are. Last week Health Canada officials were acting on my direction to accumulate Cipro. They called Bayer on two occasions on Wednesday and were told there was no Cipro available.

I think we all heard for ourselves yesterday the weasel words used when Bayer was confronted with those facts. I can tell the House that is what happened. We were refused when we asked. Our objective, as always, is to protect the health security of Canadians.

**Mr. Charlie Penson (Peace River, Canadian Alliance):** Mr. Speaker, we just heard some weasel words right now from the minister. That is for sure.

Bayer has purchase orders from Health Canada proving that 400,000 pills were ordered on October 9. It has proof that another 400,000 were ordered on October 15 and delivered on October 16. The other 400,000 were asked to be warehoused by Health Canada.

The minister insists on his version. Where is his proof?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, when Sherlock Holmes over there goes back to his work maybe he will find out that last Wednesday we wanted to buy another million pills from Bayer, and Bayer said they were not available, not once but twice.

[*Translation*]

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday, the Minister of Health told us that his responsibility was to protect the health and security of Canadians.

Yet, this responsible minister did not obtain approval from cabinet, from the Prime Minister's Office, or from the patent commissioner before his officials, supposedly of their own accord, placed an order with Apotex.

What makes the Minister of Health, who claims to be a responsible individual, think that he can get us to believe that his officials took such a decision without anyone consulting him first?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the officials received a personal request from me to stockpile the necessary drugs. And they reacted in a responsible manner.

Clearly, it was a mistake not to respect the details in the Patent Act, but the officials acted in good faith.

I have a certain latitude in emergency situations, and I acted to protect Canadians.

• (1425)

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, he talks about his officials, he talks about his own latitude, and he talks about respecting the law being a detail. He says that, in good faith, they failed to comply with the legislation.

The Minister of Health's version does not hold up.

I ask him this: Did he consult the crisis cabinet set up by the Prime Minister for the very purpose of examining crisis situations and their details, as the Minister of Health calls them?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, it is my responsibility to take action in matters concerning the health of Canadians and the protection of their health.

This is my responsibility, and I acted in a responsible manner. Health Canada officials acted in good faith to protect the health of the public, and that is our responsibility.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, decisions of great importance were taken, and the minister says that he consulted neither the cabinet, nor his colleague responsible for the Patent Act. He consulted no one.

How does the minister explain that, in a situation such as this, a decision of such importance was made without the involvement of any political level of the government, except for the minister himself, who lacked judgment?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, if something urgent had come up during the weekend, if the need for drugs had become evident during the weekend, would the hon. member rather that the Minister of Health be in a committee meeting? I think not.

It is important to have access to the needed drugs, and this is why we acted, and we acted appropriately.

**Mr. Michel Gauthier (Roberval, BQ):** Mr. Speaker, I am sure that the Prime Minister will be pleased to hear that his Minister of Health considers it a waste of time to consult the Prime Minister's Office or the crisis cabinet, which the Prime Minister established precisely to deal with emergency situations.

Such a lack of judgment deserves a reproof from the Prime Minister, not congratulations in order to save face.

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, not one month, not one week has gone by for many years now, without people saying that the Prime Minister decides everything.

Today, in an emergency situation, the Prime Minister delegated the responsibility to deal with this problem, which is important for the health of Canadians, to the Minister of Health, and now, it seems I should have been the one to take the decision, instead of the Minister of Health.

The minister acted within his responsibilities, he acted promptly, and that is why I congratulated him.

*Oral Questions***THE ECONOMY**

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, the Minister of Finance is finally doing his job, and high time it is too.

After the events of September 11, his economic forecasts no longer reflect reality. Bank interest rates are at their lowest, but that is not enough to stop job losses.

Is the minister considering increasing investments in his budget, in order to counteract the recession?

[English]

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, the Minister of Finance did not understand that he was complimented by the leader of the NDP, because we have the lowest interest rates in a long time in Canada and that will stimulate the Canadian economy.

It was the nature of the question.

**Ms. Alexa McDonough (Halifax, NDP):** Mr. Speaker, as usual the Prime Minister ignores the concern about this not being sufficient to deal with job losses.

People do welcome the fact that there is a budget forthcoming but they want a major commitment to environmental infrastructure. The finance minister pretends that he is pro green, yet yesterday the government abandoned its \$3 billion public transit promise.

Will the finance minister assure Canadians today that the government stimulus package will target water treatment, public transit and energy efficiency?

• (1430)

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, first of all the leader of the NDP ought to know that is exactly what we did in the October statement and that plan is ongoing.

She also ought to know, and I am sure she does, that the Governor of the Bank of Canada would never have been able to proceed with a very large cut in interest rates had the government and the Canadian people not cleaned up their balance sheets. That was the condition precedent.

I must say I apologize for not having understood that the leader of the NDP was complimenting the government. I am glad she has seen the light.

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**HEALTH**

**Right Hon. Joe Clark (Calgary Centre, PC/DR):** Mr. Speaker, the Minister of Health claims the company Bayer told Health Canada it could not supply the additional Cipro.

Will the minister table any documentation that might prove that Bayer was approached prior to his department going to Apotex in breach of the patent law? Will the minister agree to have any official or officials who might have had conversations with Bayer testify publicly before a committee of parliament? This is a simple question. Will the minister produce the evidence, written or oral?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, I have already confirmed those facts.

The member should also be aware that Bayer has apparently entered into negotiations with the United States government in relation to the cost of its Cipro tablets there.

I have written to Bayer and told them that Canada expects the same deal with respect to pricing. If the United States government negotiates a lower price for Cipro I want Canadians to have those savings, just as Canadians will not pay a cent more than they should for any of this medication.

**Right Hon. Joe Clark (Calgary Centre, PC/DR):** Mr. Speaker, it is clear the minister has no proof to provide. If he had he would be straightforward with an answer.

The Apotex deal keeps changing. Monday the company had a clear claim for breach of contract. Yesterday in the dark of the night Apotex gave up its clear right to \$1.5 million in compensation. The minister expects us to believe that was just out of the goodness of its heart.

What promises were made regarding this deal or any future considerations? What side deal did the minister make?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the member has been back there in the dark corners too long. He is seeing shadows where they do not exist.

The member probably also recognizes that what this Minister of Health is doing, among other things, is standing by his officials, standing behind them. That is something he would not recognize. We saw what he believes about ministerial responsibility when he was in government. We saw how he cut loose his officials in the Al-Mashat affair.

This minister will not behave that way.

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**THE BUDGET**

**Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance):** Mr. Speaker, Health Canada has been singled out by the auditor general in terms of the hundreds of millions of dollars of waste in it and other departments.

We have a Minister of Finance who pared down a deficit by slashing health care payments to provinces. We have no idea if we are spending our way into a deficit.

Will the Minister of Finance simply tell us today, will he abandon his record of going without a budget longer than any other finance minister and simply announce that he will table a budget? Will he announce that today, to table a budget before the end of the year?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, just so the hon. member understands, oui, monsieur le Président. Yes, Mr. Speaker.

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**HEALTH**

**Mr. Grant Hill (MacLeod, Canadian Alliance):** Mr. Speaker, back to the Cipro blunder, the minister says that he needed an extra million doses for the weekend in case of infection over the weekend. He has hidden from the Canadian public that he had 800,000 doses available to him legally through Bayer.



*Oral Questions*

Could the minister explain why those 800,000 doses were so quietly kept secret?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, the member should know that I directed Health Canada officials to obtain medication sufficient to protect 100,000 people and to include in that the appropriate amount of Cipro. We purchased some. When we went back to purchase more last week, Bayer said they had no more and we acted as the House knows we did.

Will the member explain to the House why he is more interested in the profits of a giant pharmaceutical company than he is in protecting the health of Canadians? Where are his priorities?

• (1435)

[*Translation*]

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, Apotex manufactures a drug that has never received Health Canada approval.

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

**The Speaker:** Order, please. It is impossible to hear the hon. member. There is too much noise today. The hon. member for Hochelaga—Maisonneuve has the floor, and I want to be able to hear him.

**Mr. Réal Ménard:** Mr. Speaker, Apotex produces a drug that has yet to be approved by Health Canada and that infringes the rights enjoyed by Bayer under the Patent Act.

Does the minister realize that, by signing such a supply contract with Apotex, the government has encouraged a company to infringe the Patent Act and produce drugs that have not been approved by his own department, Health Canada?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I already announced yesterday, Apotex intends to return to the Government of Canada all of the money we spent on the pills.

I note too that the government of the United States is moving in the same direction regarding patents in order to protect public access to the drugs necessary.

Yesterday, the Government of the United States announced it is examining Cipro patent protection for Bayer, because health protection is vital.

**Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ):** Mr. Speaker, what Apotex has done in no way alters the fact that the minister is delinquent, guilty of breaking the law.

He must explain how his officials ended up signing a contract with Apotex when it was not entitled to produce the drug or stock it under legislation we passed in this parliament.

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, if the officials made a mistake, it was made in good faith. What counts is that they acted and reacted to protect the public.

[*English*]

**NATIONAL SECURITY**

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, little or none of the money that was announced last week by the government for the RCMP will be used to hire new agents.

This was confirmed yesterday when the commissioner of the RCMP came before committee. He said that it could use more money. This contradicts the solicitor general's assertion that the RCMP is adequately resourced.

I ask the solicitor general, will the RCMP, given its increased responsibilities and mandates, be receiving additional funds to hire and train more frontline officers for the fight against terrorism?

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** Mr. Speaker, as I have told my hon. colleague in the House many times, just under \$2 billion has been allocated to the public safety envelope.

My hon. colleague is also well aware that the commissioner of the RCMP said quite clearly yesterday that he was fully able to fulfil his mandate.

**Mr. Kevin Sorenson (Crowfoot, Canadian Alliance):** Mr. Speaker, he also said that they were having to risk manage the threats and that they were also taking certain responsibilities off the table.

I would like to ask the solicitor general about the \$10 million in increased funding for CSIS over the past few years. Virtually all the funding restored to CSIS has gone into new technology. According to a former high ranking CSIS member, the intelligence operations are in desperate need of skilled analysts to go through the mountain of information they have.

Will the solicitor general ensure the necessary analysts are hired so that all the information CSIS gathers—

**The Speaker:** The hon. solicitor general.

**Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.):** I am not sure, Mr. Speaker, who is the high ranking official my hon. colleague is talking to, but the individual I talk to is the director of CSIS. The director of CSIS has indicated to me that he has the funds to fulfil his mandate. If any more funding is required, it will be supplied.

\* \* \*

[*Translation*]

**HEALTH**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, before opting for a drug that had not been approved, the Department of Health must have conducted a very thorough check at Bayer to make sure the company could not meet the demand.

My question to the Minister of Health is very simple. Could he tell us who conducted this check in his department and who was contacted at Bayer?

*Oral Questions*

●(1440)

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I already mentioned, Bayer stated twice last week that it could not provide the necessary drug. Under these circumstances, officials immediately took action to protect the health of Canadians and ordered pills from Apotex.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, if the Minister of Health was so concerned about public health, can he tell us why he ignored the advice of his own public servants who, 14 months ago, on June 2, 2000, told him that a stock of antibiotics should be built up in case of a bioterrorist attack for which the minister and the department had no emergency plan?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, this shows once again how cautious Health Canada is.

\* \* \*

[English]

**ANTI-TERRORISM LEGISLATION**

**Mr. Vic Toews (Provencher, Canadian Alliance):** Mr. Speaker, the justice committee heard today that, unlike the British legislation, the Canadian anti-terrorism legislation has no mechanism to provide for review of the minister's absolute power to deny Canadians the right to access information in the hands of the government.

Why has the minister decided to deny the privacy commissioner the right to review her unfettered right to hide information from Canadians?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as I have said before in the House, the power to which the hon. member refers is an exceptional one to be used in limited circumstances.

Let me say that I know the committee is hearing very interesting information in relation to proposed clarifications or modifications of those provisions. We as a government understand how important this legislation is and therefore I look forward to the advice and recommendations provided by the committee on this very important matter.

**Mr. Vic Toews (Provencher, Canadian Alliance):** Mr. Speaker, yesterday the justice committee heard from the privacy commissioner that the minister's legislation contains a back door that will gut Canadian privacy legislation. Other jurisdictions, including Great Britain, have not resorted to this draconian measure that the Minister of Justice feels is necessary to control Canadians.

Will the minister commit today to amending the legislation to permit an independent review of her unfettered power to hide information from Canadians?

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, what I commit to today is to listen carefully and attentively to the advice and recommendations from both the House standing committee and the Senate committee.

If in fact it is possible to improve this legislation, we on this side of the House are more than willing to engage in that discussion.

**THE BUDGET**

**Mr. Shawn Murphy (Hillsborough, Lib.):** Mr. Speaker, my question is for the Minister of Finance. In response to a question this afternoon he indicated that he will soon be tabling a budget in the House.

As we are entering uncertain economic times, does the minister's department have the required information to deliver a budget this year that will present both a current picture of the economy and where the economy is heading?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member's question is very much to the point.

The fact is that the impact of September 11 was quite serious. There is obviously a great deal of short term uncertainty out there. It will be very important for us to have the national accounts so that we can see what in fact occurred following September 11.

At the same time it is necessary for us to be able to lay out the financial underpinnings of a fight against terrorism, the fight for national security here at home, the military fight that is taking place outside our borders. We definitely will be in a position to provide all of the information and a full accounting.

\* \* \*

**HEALTH**

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, regarding the anthrax drug fiasco, the health minister certainly was justified in trying to find a way around his government's regressive legislation on drug patents and to try to get a cheaper generic version of Cipro.

Ironically in the United States it was the threat of a patent waiver from congress that convinced Bayer to lower its price to \$1.60 per pill in Canadian dollars. Compare that to the \$2.50 per pill that this government will now pay Bayer.

Given what has just happened in the United States, could the Minister of Health tell us if he is going to actually keep this contract with Bayer or does he have some other plans now?

●(1445)

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, as I have already observed, the Americans are going in the same direction we were talking about earlier in the week which is looking at the connection between patents and profits at a time of urgent public need.

I can tell the member there is no price mentioned in the agreement with Bayer. The fact is that I have written to the president of Bayer today to say that we expect that Canadians will get the benefit of the same reduction in price that the Americans are provided with. I fully expect that will be the case.

**Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP):** Mr. Speaker, I am sure the health minister will agree that the government is now paying the price for its blind support for multinational drug corporations.

He will know that Bayer has used the automatic two year delay clause in our patent legislation four times to tie up processing patents for Cipro in the courts since 1993. If the government had acted to rid us of that clause which the supreme court called draconian, a cheaper generic version of this drug might have been available to Canadians as early as 1995.

Will the health minister today at least agree to review the patent legislation with a view to making sure that cheaper generic drugs are available?

**Hon. Brian Tobin (Minister of Industry, Lib.):** Mr. Speaker—

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

**The Speaker:** Order. I am sure the House wants to hear the Minister of Industry.

**Hon. Brian Tobin:** Mr. Speaker, the drug patent act is there and it is being respected by everybody, including members of the government.

There is no question that the action taken by the Minister of Health put first the security, the health and the safety of Canadians. Nobody should argue with that.

**Mr. Rick Borotsik (Brandon—Souris, PC/DR):** Mr. Speaker, once again the Prime Minister has to defend the Minister of Health. It is the same Prime Minister who will not allow the Minister of Health membership into the most powerful committee overseeing public security and anti-terrorism.

The Minister of Health has a reputation of faulty judgment: the Airbus fiasco, the gun registry, Pearson airport, and now Cipro. Is that why the Prime Minister will not allow the Minister of Health to sit on the most powerful and influential committee?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, Canadians can see for themselves how important the health issues are at this time.

In fact any Canadians watching the spectacle of the opposition parties today will say to themselves, what are those people thinking, what are they talking about? The priority is protection of the health of Canadians.

That is what Health Canada did. We acted to make sure we had the medications we need. Those people are totally out of touch with what is really important to Canadians.

**Miss Deborah Grey (Edmonton North, PC/DR):** Mr. Speaker, what we are asking is for the minister to obey the law.

Yesterday the minister said "I am in charge here". He is so in charge that his boss forgot to put him on the security committee. He is so in charge that he is standing by his officials, but those same officials are forced to take the blame for breaking the patent law. He is so in charge that he swallowed the Apotex fee. It is amazing.

When is the Prime Minister going to say to the Minister of Health "You are the weakest link. Goodbye"?

**Hon. Allan Rock (Minister of Health, Lib.):** Mr. Speaker, there they go again.

Canadians are focused on reality. They are concerned to make sure that their government is protecting them and arranging things so if the unlikely event occurs we will be ready. That is what we are

### *Oral Questions*

focusing on. All we hear from the other side is noise about committees and process. This government is attuned to what is important to Canadians. I am going to continue acting aggressively to make sure their health is protected.

\* \* \*

### THE ECONOMY

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, it is nice to see the industry minister lining up his colleague in health for second ballot support.

The Bank of Canada recognizes that the economy is in deep trouble but the finance minister does not. The Bank of Canada has acted to shore up the economy but the finance minister has not. In fact, he has waited 652 days and for the onset of a recession to schedule a budget.

Instead of leaving it to the bank to fight this Liberal recession alone, will the finance minister commit to accelerate tax cuts, to put money into the pockets of working families today when they need it the most?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what the Bank of Canada recognizes is that by the elimination of the deficit, it is in a position to act. What the Bank of Canada recognizes is that by the paydown of \$35 billion worth of debt, the Bank of Canada is in a position to act. What the Bank of Canada recognizes as a result of the massive tax cuts brought down by this government in the stimulation of the economy is that it is in a position to act. That is what the Bank of Canada recognizes.

• (1450)

**Mr. Jason Kenney (Calgary Southeast, Canadian Alliance):** Mr. Speaker, what the finance minister does not seem to realize is that thousands of Canadians are getting laid off every week. Hundreds of layoffs have been announced today. Those people get no succour from his political rhetoric. They want action. They got it from the Bank of Canada yesterday. Are they going to get action from the finance minister to stimulate the economy to prevent a Liberal recession from killing even more jobs? Will he cut taxes? Will he accelerate that tax relief to help Canadians from losing their jobs?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, what every single economist in this country recognizes is that if the government had proceeded with the tax cutting plan of the opposition we would be in a deficit and there would have been no opportunity for the bank to act. What Canadians recognize is that if we had engaged in the slash and burn of all of our social programs recommended by the Alliance, Canadians would not have the underlying support that they require in this tough time. What Canadians recognize is that virtually every single policy brought down by the Alliance Party is a policy of perdition and not what this country requires in this time period.

*Oral Questions*

[Translation]

**ANTI-TERRORISM LEGISLATION**

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, yesterday information commissioner John Reid told the Standing Committee on Justice and Human Rights that it would be preferable to remove from the anti-terrorism bill all the clauses granting the Minister of Justice the exceptional power to suspend the application of the Access to Information Act as she sees fit.

Given this eloquent testimony from a protector of individual rights, will the minister, who has always said that she was anxious to hear from witnesses, listen to this expert rather than listening to her own department's hardliners on security?

[English]

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, we certainly know of Mr. Reid's opinion and we respect his opinion. He is one of a number of witnesses the House of Commons and Senate committees will be hearing from. As I said before, we look forward to the advice and recommendations of the committee.

[Translation]

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, with special legislation, such as Bill C-36, it is important to maintain a balance between security and civil liberties. In committee, witnesses have told us that this bill is dangerous, goes too far and grants outrageous powers. This is serious.

In turning a deaf ear to those who recommend striking a balance between security and freedoms, and in listening only to those who are concerned with security, is the minister not herself upsetting the balance that the Prime Minister wished to preserve at all costs?

[English]

**Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, as we have said from the beginning, we believe this is a balanced package that is respectful not only of Canadians' needs in relation to safety and security but respectful of their rights guaranteed in the charter.

As I also have said throughout this process, the people I am going to listen to are the members of the House committee and the members of the Senate committee. I look forward to the advice and recommendations they have to offer us.

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**NATIONAL SECURITY**

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance):** Mr. Speaker, the Minister of Foreign Affairs is in the U.S. today to meet with homeland defence secretary Governor Ridge to plead with the Americans to ease up on their border delays for commerce.

Could the Prime Minister explain to Canadians what concrete actions he has taken to show our partner and neighbour to the south that Canada has taken serious steps to improve continental security since September 11?

**Right Hon. Jean Chrétien (Prime Minister, Lib.):** Mr. Speaker, we want the movement of goods to be as it was before September 11 with the Americans. The Minister of Foreign Affairs is discussing

that today in Washington. I had the occasion to raise it with the president while I was in Shanghai, China. I clearly made the point and the same day the president called the secretary of the treasury who informed the Minister of Finance that the Prime Minister had talked about the problem with the president that very day.

**Mr. Paul Forseth (New Westminster—Coquitlam—Burnaby, Canadian Alliance):** Mr. Speaker, Canada must be seen as a good neighbour. Yesterday we presented in the House a plan for security perimeter measures including more powers for customs and immigration officers and detaining questionable claimants. So when the foreign affairs minister meets with Governor Ridge, would taking these concrete actions not speak better for Canada than unfulfilled Liberal promises?

• (1455)

**Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.):** Mr. Speaker, we have every reason to be proud of our Canadian customs system. We have taken some concrete actions. Two weeks ago we announced more technology and more resources.

I must report to the House that the meeting between my foreign affairs colleague and Governor Ridge this morning went very well. They were very positive with regard to the situation at the border. We recognize that we have to work in co-operation. As well they have been quite open minded with regard to the use of technology to proceed with much better risk assessment. What we are going to put in place is a high tech, smart border that will better serve all Canadians.

\* \* \*

**VETERANS AFFAIRS**

**Mr. Bryon Wilfert (Oak Ridges, Lib.):** Mr. Speaker, for three months in 1945 Canadian airmen were subjected to very harsh treatment, not as prisoners in a prisoner of war camp but as inmates at Buchenwald concentration camp. These airmen were mistakenly arrested as civilians and endured inhumane conditions as well as being forced to work.

What is the Minister of Veterans Affairs doing to recognize and compensate these brave individuals?

**Hon. Ronald Duhamel (Minister of Veterans Affairs, Lib.):** Mr. Speaker, yesterday we issued an announcement saying that these 15 airmen will be compensated by the German government as a result of the law that addresses the whole issue of slave labour. This is great news.

There will be 15 airmen who will be compensated. As well, there were four airmen who died before the legislation came into effect. The Canadian government will give the same amount of money to their spouses. That is \$5,400—

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

*Oral Questions***MINISTER FOR INTERNATIONAL COOPERATION**

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, the Minister for International Cooperation used her cabinet position for personal electoral gain. A CIDA contract given to her senior campaign workers was signed after the event had taken place on her personal recommendation and to the benefit of no one but herself.

She has tarnished her department's reputation. There is only one course of action and that is for her to resign. Will the Prime Minister ask for her resignation?

**Mrs. Marlene Jennings (Parliamentary Secretary to the Minister for International Cooperation, Lib.):** Mr. Speaker, these are the same outrageous allegations which were stated in the House yesterday. The facts are clear. The facts do not change because the question is asked 3 million times. Those contracts were awarded in full compliance with treasury board guidelines.

**Mr. Deepak Obhrai (Calgary East, Canadian Alliance):** Mr. Speaker, I agree with her that the facts do not change. The fact is the minister used her position for personal gain. The minister openly disregarded the principles of transparency and fairness.

This is a minister that goes around the world preaching for fairness and an end to patronage. She herself cannot follow her own preachings. She is an embarrassment to Canada.

Will the Prime Minister ask for her immediate resignation?

**Mrs. Marlene Jennings (Parliamentary Secretary to the Minister for International Cooperation, Lib.):** Mr. Speaker, I have great pride, as does everyone on this side of the House, in stating that the Minister for International Cooperation is an outstanding minister.

The contracts the member refers to were awarded in full compliance with treasury board rules and guidelines.

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[Translation]

**SOFTWOOD LUMBER**

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, the Minister for International Trade continues to say that there are no negotiations at the moment on softwood lumber.

However, the Americans have appointed a special negotiator, and the B.C. forestry minister is talking openly of negotiations.

A week away from the results of the anti-dumping investigation, which could still affect our softwood lumber industry, is it the minister's intention to invite all the players to reaffirm the consensus for a full return to free trade?

**Hon. Pierre Pettigrew (Minister for International Trade, Lib.):** Mr. Speaker, I thank the member for Joliette for the opportunity to inform the House that, as we speak, discussions are being held in Montreal. The Department of International Trade has co-ordinated discussions with the Americans for several months, and they have been going very well.

Last week, these discussions were held in Vancouver, with British Columbia. We are very grateful for the co-operation of the provincial

governments, which are responsible for natural resources and forest management.

We appreciate the Americans' appointment of Marc Racicot of Montana, who is helping to bring the President of the United States himself into the loop, as the Prime Minister of Canada requested.

\* \* \*

● (1500)

**GOVERNMENT SERVICES**

**Mr. Robert Bertrand (Pontiac—Gatineau—Labelle, Lib.):** Mr. Speaker, my question is for the President of the Treasury Board.

We all know that more and more Canadians want to have online access to government information and services.

Therefore, could the minister tell us about the progress of the Government On-Line initiative?

**Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, I am pleased to report that we are well on our way to fulfilling our commitment to provide online information and services by the year 2004.

We currently have 82 pathfinder projects in various departments, and much to the satisfaction of the public. If we have these projects, it is because Canadians are among the greatest users of the Internet.

This initiative will allow them, wherever they live, and at the time and in the language of their choice, to be in contact with our government and to have access to necessary services. This is a real improvement.

\* \* \*

[English]

**THE ECONOMY**

**Mr. Werner Schmidt (Kelowna, Canadian Alliance):** Mr. Speaker, my question is for the Minister of Finance. The Minister of Finance knows that we are in an economic downturn. He also knows that the people who suffer the most because of this are those who are at the lower income level.

Will the finance minister, in his budget, declare that the increase in the Canada pension plan will not take place in January 2002?

**Hon. Paul Martin (Minister of Finance, Lib.):** Mr. Speaker, the hon. member knows that any discussion of that kind would require negotiations and discussions with the provincial ministers of finance and it would require agreement with them on that line.

On the other hand, I am delighted the hon. member recognizes that it is the responsibility of governments to help low and medium income Canadians, those who absolutely suffer the most in times of downturn. I can assure the hon. member that they rest uppermost in the mind of this government.

*Routine Proceedings***ROUTINE PROCEEDINGS***[English]***COMMITTEES OF THE HOUSE**HUMAN RESOURCES DEVELOPMENT AND THE STATUS OF PERSONS WITH  
DISABILITIES

**Hon. Jane Stewart (Minister of Human Resources Development, Lib.):** Mr. Speaker, pursuant to Standing Order 109, I am pleased to submit herewith two copies, in both official languages, of the government's response to the report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities entitled "Beyond Bill C-2: A Review of Other Proposals to Reform Employment Insurance", that was tabled in the House on Thursday, May 31.

\* \* \*

● (1505)

*[Translation]***GOVERNMENT RESPONSE TO PETITIONS**

**Mr. Geoff Regan (Parliamentary Secretary to the 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 six petitions.

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*[English]***INTERPARLIAMENTARY DELEGATIONS**

**Hon. Bill Graham (Toronto Centre—Rosedale, Lib.):** Mr. Speaker, I have the privilege, pursuant to Standing Order 34(1), to present to the House, in both official languages, the report of the Canadian delegation of the Canada-Europe Parliamentary Association to the Organization for Security and Co-operation in Europe Parliamentary Assembly held in Paris, France, July 6 to 9.

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**COMMITTEES OF THE HOUSE**

## CANADIAN HERITAGE

**Ms. Sarmite Bulte (Parliamentary Secretary to the Minister of Canadian Heritage, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the first report of the Standing Committee on Canadian Heritage.

Pursuant to its order of reference dated Friday, February 28, your committee has adopted Bill S-14, an act respecting Sir John A. Macdonald Day and Sir Wilfrid Laurier Day, and agreed on Thursday, October 18 to report it without amendments.

*[Translation]*

## JUSTICE AND HUMAN RIGHTS

**Hon. Andy Scott (Fredericton, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the fifth report of the Standing Committee on Justice and Human Rights.

*[English]*

Pursuant to Standing Order 108, your committee has considered the proposals for a miscellaneous statute law amendment act, 2001

and recommends that the following articles not be included in the act: 5, 7, 8, 38, 59, 75, 76, 77, 105 and 106, given that articles 33 and 34 have already been withdrawn by the responsible department.

## TRANSPORT AND GOVERNMENT OPERATIONS

**Mr. Ovid Jackson (Bruce—Grey—Owen Sound, Lib.):** Mr. Speaker, as chair of the Standing Committee on Transport and Government Operations, I have the honour to report, in both official languages, with respect to an order of reference made on Thursday, October 4; Bill C-34, an act to establish the Transportation Appeal Tribunal of Canada and to make consequential amendments to other acts.

The committee has considered the bill and I report the bill back without amendments.

\* \* \*

**PETITIONS**

## GASOLINE ADDITIVES

**Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I am honoured to present a petition on behalf of constituents living in Grand Bend in the riding of Lambton—Kent—Middlesex who call upon parliament to protect the health of seniors and children and the environment by abandoning the disputed gas additive MMT.

The use of MMT in gasoline results in significantly higher smog producing hydrocarbon emissions and enhances global warming.

*[Translation]*

## GENETICALLY MODIFIED FOODS

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, I have the honour to present a petition in support of Bill C-287, which, unfortunately, has already been defeated in this House. The petitioners draw to the attention of parliamentarians the need for mandatory labelling of genetically modified foods.

*[English]*

## EMPLOYMENT INSURANCE

**Mr. Bill Matthews (Burin—St. George's, Lib.):** Mr. Speaker, I am presenting a petition on behalf of residents of Winterton, New Pearlcan and Heart's Content, communities in the riding of Bonavista—Trinity—Conception in Newfoundland and Labrador.

The petitioners request the Government of Canada to reinstate 10 weeks of employment as the divisor for employment insurance instead of the current divisor of 14 weeks.

## Routine Proceedings

## NATIONAL DEFENCE

**Mr. Howard Hilstrom (Selkirk—Interlake, Canadian Alliance):** Mr. Speaker, I have a petition from constituents and people across Canada regarding the U.S. national missile defence program. The petitioners feel that it is the first step toward deployment of the defence system in space. They petition the Government of Canada to declare that Canada objects to the national missile defence program of the United States.

\* \* \*

● (1510)

## STARRED QUESTIONS

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, would you be so kind as to call Starred Question No. 72. I ask that the question and answer to Question No. 72 be printed in *Hansard* as if read.

[Text]

\*Question No. 72—**Mr. Guy St-Julien:**

With respect to the gold market and the Bank of Canada's activities in this area: (a) what is the average daily volume of transactions on the international gold markets; (b) since 1980, what have been the key elements of the Bank of Canada's policy on the sale of gold with respect to its international reserves; (c) since 1980, has the government's gold sales program proved advantageous for the government; and (d) if so, why?

**Mr. John McCallum (Parliamentary Secretary to the Minister of Finance, Lib.):** Mr. Speaker, with respect to (a), the daily turnover in the international gold market is approximately six to seven million ounces per day.

With respect to (b), Canada has had a clear and transparent policy since 1980 to sell gold at a gradual and controlled pace to reduce the proportion of gold held in our official international reserves in order to benefit Canadian taxpayers. Because gold is less liquid than many other assets and earns a low rate of return, this policy has increased the return on Canada's reserve assets and increased their liquidity.

With respect to (c), yes, the gold sales program has been very profitable for the Government of Canada. Estimates show that, since the beginning of the gold sales program, the income on reserve assets has been more than U.S.\$13 billion higher than if the gold stocks had been maintained.

With respect to (d), proceeds from Canada's gold sales are used to purchase other foreign currency assets that yield higher returns. These higher returns benefit Canadian taxpayers.

\* \* \*

[English]

## QUESTIONS PASSED AS ORDERS FOR RETURN

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, if Question No. 42 could be made an order for return, the return would be tabled immediately.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

[Text]

Question No. 42—**Mr. Werner Schmidt:**

With regard to grants, contributions and/or loan guarantees made either by a Crown Corporation, a department and/or an agency of the government to Bombardier Inc., for each fiscal year since 1996, can the government specify: (a) how many such grants, contributions and/or loan guarantees were made; (b) the source and value of each grant, contribution and/or loan guarantee; (c) the date they were issued; (d) the reason or reasons such assistance was provided; and (e) the present status of the grant, contribution and/or loan guarantee (whether repaid, partially paid, or unpaid, including the value of the repayment)?

Return tabled.

[English]

**Mr. Geoff Regan:** I ask, Mr. Speaker, that the remaining questions be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

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## MOTIONS FOR PAPERS

**Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, would you be so kind as to call Notice of Motion for the Production of Papers No. P-24, in the name of the hon. member for Nanaimo—Cowichan.

Motion No. P-24

That a humble Address be presented to Her Excellency praying that she will cause to laid before this House a copy of all correspondence of any kind between the government and the Virginia Fontaine Treatment Centre.

**Mr. Geoff Regan:** Mr. Speaker, I am informed by the Departments of Health Canada, Indian and Northern Affairs, Justice and the Solicitor General of Canada as follows. The matter is currently under investigation and as such no information can be released at this time. I therefore ask the hon. member to withdraw his motion.

**Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance):** Mr. Speaker, I ask that this Motion for the Production of Papers be transferred for debate.

**The Speaker:** The motion is transferred for debate.

**Mr. Geoff Regan:** Mr. Speaker, I ask that all other Notices of Motions for the Production of Papers be allowed to stand.

**The Speaker:** Is that agreed?

**Some hon. members:** Agreed.

*Government Orders***GOVERNMENT ORDERS***[Translation]***CUSTOMS ACT**

**Hon. Martin Cauchon (Minister of National Revenue and Secretary of State (Economic Development Agency of Canada for the Regions of Quebec), Lib.)** moved that Bill S-23, an act to amend the Customs Act and to make related amendments to other acts, be read the third time and passed.

He said: Mr. Speaker, I am very pleased to take part in this debate on Bill S-23. This bill is most important for the implementation of our customs action plan.

The changes made in Bill S-23 are necessary to enable us to put in place some of the key programs contained in this action plan.

Last month's events make the passing of this bill even more critical. As we know, the Canada Customs and Revenue Agency is ready to implement quickly many of the initiatives contained in our action plan, but we need this legislation.

*[English]*

Since the terrorist attacks on the U.S., we have been applying extreme vigilance at the border. This means increased examination of goods, intensified questioning of travellers and reallocating our resources to higher risk areas. We remain committed to continuing this extreme vigilance as long as it is needed.

However, even during this difficult time, we must always be mindful of our dual mandate: to protect Canadians and to keep the flow of travel and trade moving. Of course this mandate has posed many challenges over the past month. Let me reassure the House that we are doing everything we can to address them.

We are also equally committed to long term solutions to keeping Canada safe while ensuring that goods and people keep flowing across the border.

*[Translation]*

Our action plan is indicative of this commitment and desire to maintain the necessary equilibrium. Programs such as customs self-assessment and the expedited passenger processing system cannot proceed without this legislation, nor can other changes such as the customs control zones.

With Bill S-23 we will be able to make our borders more efficient. It is the outcome of lengthy consultations. We have consulted the stakeholders, our clients and our partners in the security and trade sectors. Both sectors have supported our customs action plan and the amendments proposed in Bill S-23.

Now more than ever it is crucial to put Bill S-23 into place so that the agency can continue to provide Canadians with the protection they expect.

Now more than ever it is indeed crucial to put Bill S-23 into place, so that the agency can facilitate the continuation of trade exchanges in order to ensure the Canadian economy of the activity it needs.

As far as trade is concerned, we have consulted with businesses and have understood that simplified trade administration policies are

needed. As for the travelling public, we were made aware of the importance of uninterrupted travel without delays at customs.

● (1515)

*[English]*

The customs action plan is a critical investment in the future and will allow us to remain one of the most modern border agencies in the world. By providing innovative solutions to the problems we face today, the plan ensures that our customs processes will not be an impediment to Canadian prosperity.

As my hon. colleagues already know, the approach outlined in the action plan, and which the provisions of Bill S-23 would put into place, features a comprehensive risk management system incorporating principles of self-assessment, advance information and pre-approval, all supported by state of the art technology.

Our risk management approach will be supported by an effective and fair sanctions regime that imposes penalties according to the type and severity of the infraction.

Ultimately, businesses or individuals with good track records should benefit from their history of compliance. The bill would give them options that will make crossing the border easier, more convenient and more productive.

As part of the action plan, we are introducing the customs self-assessment program. The CSA program is one of the innovative ways in which we are changing how we do business at the border. It is the direct result of consultations with the trade community and was highlighted as its number one priority.

The customs self-assessment program is based on the principles of risk management and partnerships, partnerships with those clients who have proven track records. The CSA program also streamlines the customs clearance process bringing greater speed and certainty to the importation of low risk goods.

It will be implemented in phases and will expand over the years to include an ever increasing proportion of low risk import trade as customs works in partnership with the import trade and other government departments and agencies. Traders will welcome the provisions for advance information and pre-approval programs contained in Bill S-23. I believe my hon. colleagues will agree that this is a major step forward in border management.

*[Translation]*

The administrative monetary penalties system, AMPS, described in the act is designed to ensure uniform and fair rules for all Canadian businesses. This complete system will encourage compliance with the legislation, thanks to a series of penalties that are proportional to the type and severity of the offence.

In order to guarantee uniform application across Canada, the penalties will be based on detailed policies and guidelines. This graduated approach is more transparent and more equitable than the one in place at the present time, and provides importers with the opportunity to solve compliance problems long before the maximum penalty is applicable. In a desire for fairness, the program will be subject to an independent recourse mechanism. This program is intended merely to encourage compliance, nothing more.



[English]

Compliance is the key to success in this endeavour and Bill S-23 is designed to improve levels of compliance. Higher compliance levels ultimately benefit our clients because they lead to fewer examinations and audits.

We believe that the improved service and streamlined processing that we will be able to offer will provide incentives for voluntary compliance. However, ever mindful of our twin mandate, the protection of Canadian society, the agency reserves the right to do periodic spot checks and audits to verify compliance with Canada's customs laws and regulations.

The passing of Bill S-23 would also bring exciting options for travellers. Many of the hon. members will have heard of the Canpass highway program which was pilot tested in a number of locations in recent years. Under this permit based program, pre-approved, low risk travellers are permitted to use designated lanes to bypass regular customs processing.

The testing of this and other members of the Canpass family of programs has demonstrated their viability and effectiveness. The Customs Act amendments proposed in Bill S-23 would allow for the introduction of these programs on a continuing basis across Canada.

Another good example is the expedited passenger processing system for travellers. Under this new and innovative program, EPPS participants will be able to use an automated kiosk that will confirm their identity and membership in the program when entering Canada.

These innovative pilot programs are working. We want all Canadians and those who travel and trade here to be able to profit from our progress.

Another exciting initiative is the harmonized highway pilot, also known as Nexus, at the Blue Water bridge in Sarnia, Ontario and Port Huron, Michigan.

Nexus' goal is to provide a seamless service to pre-approved travellers entering Canada and the U.S. at these border points using technology and of course a common card.

New programs, such as EPPS, will not only make clearing customs a faster process but a more secure one. With new technologies, such as iris scanners, only those who have been pre-approved by a thorough screening process will benefit.

It is important to clarify for my hon. colleagues that pre-approval does not mean exempt. All participants in these programs are still subject to random identification checks and examinations.

With technology such as x-rays and iris scanners along with increased co-operation with our federal partners, we will be able to ensure Canadians a secure yet effective customs screening process.

I believe that a customs action plan will serve Canadians well by improving the flow of people and goods across the border and by strengthening our ability to protect Canadians. More people, with more of the right tools and technology will strengthen our security, while maintaining the flow of goods and people so vital to our economy.

### *Government Orders*

The agency is in the business of administering and enforcing laws governing the movement of goods and people in and out of Canada. It is also in the business of providing client service excellence and serving the interests of Canadians overall. Using our new approach to customs clearance, we will get as much information as possible before goods or people arrive at the border, enabling the agency to focus on high risk areas.

For example, amendments to the Customs Act proposed in Bill S-23 would allow for the introduction of advanced passenger information and passenger notification record. With those programs, customs officers will receive certain prescribed information from commercial transportation companies on drivers, crew members and passengers in advance of their arrival in Canada.

● (1520)

By receiving this information in advance customs officers will be able to make enlightened decisions prior to the arrival of goods and people. It will make it easier to facilitate the movement of legitimate travellers and goods while allowing the agency to exercise its protection mandate.

As we modernize our border we will consider the technological infrastructure a vital element of our customs action plan. The agency will continue to conduct random customs examinations. The instincts of trained, experienced customs officers will continue to be our guiding force.

● (1525)

[Translation]

The agency must be able to meet the growing needs of travellers and of Canadian airports.

The new design of certain airports offers the possibility of mixing international and national travellers. This helps reduce delays, which in turn helps increase airport profitability.

Even though this is an interesting option for both travellers and airports, it increases the risk of goods being smuggled into Canada.

The proposed amendments contained in the bill would enable the agency to meet the commercial needs of the Canadian aviation industry as they evolve and to manage all the inherent risks.

The proposed amendments would allow the agency to create controlled areas inside airports and to authorize customs officers to interview people and to search their personal effects when they leave those controlled areas.

Another provision of Bill S-23 will be used to ensure that personal information is better protected.

The bill will be very explicit as to: when customs officers can gather information; the exact type of information that can be gathered; the use that can be made of this information; the circumstances and the conditions under which this information can be disclosed; and the reasons for disclosure.

*Government Orders*

I want to emphasize that the sole purpose of this proposal is to codify something that already exists through the ministerial authorization process and that is to make disclosure more open and more transparent.

[English]

As my hon. colleagues know, an amendment is proposed in Bill S-23 which would provide the CCRA with the authority to examine export mail. This proposed amendment is necessary to ensure that the postal stream does not become a legal means of bypassing Canada's export controls. I assure hon. members that it is consistent with existing authorities and practices relating to the charter and the import of mail. Customs officers will continue to exercise their authority in a professional and proper manner within the legislative framework.

The government's agenda to promote trade and investment in Canada will only achieve true success if it is supported by the customs action plan and the amendments contained in Bill S-23. Bill S-23 provides a bold and innovative framework to modernize Canada's border and border processing procedures.

**Mr. Peter Stoffer:** Madam Speaker, I rise on a point of order. This is such an important bill for all Canadians, and since the minister is in the House I would seek unanimous consent to have five minutes of questions and comments with the minister.

**The Acting Speaker (Ms. Bakopanos):** Is there unanimous consent?

**Some hon. members:** Agreed.

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Madam Speaker, I thank the hon. minister for his time. I have two quick questions.

First, has the advice and input of the union and the employees of Canada customs been sought on the actions about which he just spoke?

Second, airports like Halifax's are searching for pre-clearance facilities at airports to transit U.S. bound passengers much quicker than they do today. Has that been given any consideration by the minister and his department?

• (1530)

**Hon. Martin Cauchon:** Madam Speaker, the reform of Canada customs has been the subject of a huge and extensive period of consultation. We started some years ago by consulting stakeholders, the department and customs officers.

As I said on numerous occasions, we can use technology and programs like Canpass and the Canada customs self-assessment, but at the end of the day customs officers are the key component of our customs system. These are the people we rely on. We need their experience and expertise. We are using technology to make sure that we will proceed with a much better risk assessment and risk management system. We will make sure that our human resources focus on where the risk is higher or unknown.

I met with the head of the union some weeks ago and I told him that we must maintain an ongoing relationship in the sense that our customs officials are working in the field and their advice is very important.

We all know that pre-clearance is part of our customs action plan. It is one program that needs to be more efficient and effective. We have looked at that question at airports. Pre-clearance could also be established in other places as well.

However, as I said many times when referring to the management of customs and the land border, it should include a high tech smart border as well as co-operation with the United States.

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Madam Speaker, I appreciate the minister staying around. That is not done very often and I compliment him on that.

He is familiar with PALS, which is used on the front lines at our border crossings. I have compared the system with that used south of the border. The U.S. system ties indirectly and immediately with every organization. PALS does not. It is way behind in that respect. It does not tie in to CPIC, RCMP databases and a number of things that it should tie into, particularly at this time.

PALS is a piece of equipment that needs to be upgraded. When can we expect this?

**Hon. Martin Cauchon:** Madam Speaker, that is an interesting question and I thank the hon. member for it. I announced some weeks ago additional resources with additional money in terms of more customs officers. I said that 130 more customs officers would join the team shortly and be assigned to airports and seaports.

I also announced additional technology such as x-ray machines, ion scanners and passport readers that are very effective. There is a new generation of passport reader that we will be obtaining shortly.

The databanks that we have at Canada customs are a key component of airport security, if that is what the member is talking about. The announcement that I made will improve the databanks we have at airports. Our customs officers at land borders access different databanks. There is a primary inspection line and then a secondary inspection line is referred to that has a variety of databanks.

The action plan we would like to put in place and will put in place will ensure that we provide a good system at seaports, airports and land borders.

• (1535)

**Mr. Myron Thompson (Wild Rose, Canadian Alliance):** Madam Speaker, it gives me pleasure to speak to Bill S-23. I thank the minister for staying around to answer a few questions. In his speech he referred to Canada customs as one of the most modern agencies in the world. That is just not the case. That is reflected in his answer to my question regarding PALS. He stated that there is an effort being made to upgrade a number of systems, including PALS, that are used on the front lines.

*Government Orders*

I want to refer to a number of things that I have received in the past couple of months since becoming the critic for customs. They deal with border crossings, seaports and airports. I will refer to some documents but they are actually letters written to the minister. I know he has received these letters because I gave him some on behalf of frontline officers, the first line of defence, who are very unhappy for a number of reasons.

The reason I will refer to them is that I am a believer that if someone wants to learn how things should be done, a good place to start would be right on the front line with the people who deliver the service and face the problems.

We have a problem in Canada with the government. Everywhere I have been the border customs officers are doing a fantastic job given what they have to work with. It is an utter shame that when we visit these places we are denied the opportunity to talk with the frontline people because of directives from the minister, other departmental heads and commissioners.

I received letters that were written by an assistant deputy minister and an acting assistant deputy minister. I have others from a southern Ontario regional commissioner, an assistant commissioner and a regional director. All these individuals are with customs.

One of these letters states very strongly that employees should refrain from making any direct, or through a third party, public pronouncements critical of federal policies, programs and officers or on matters of current political controversy. It states that employees are not allowed to talk when others who are not of the government come to visit. The final sentence in each of these documents states that if they choose to do so they will be subject to disciplinary action up to and including termination.

In other words, customs officers, prison guards, corrections officers, or those holding whatever job in a government department, have strict orders not to speak their mind when people ask questions. When we go to visit these people they are not allowed to answer questions. I get a pile of letters from different individuals doing these jobs with the trust that I will not use their names lest they face the consequences of having provided information to me.

• (1540)

I cannot believe that in a supposedly democratic country when we are looking to the people at the front lines of defence at the borders, in our prisons, or wherever they may be, for suggestions on what we can do to make it easier for them to accomplish their mission, which is to protect and provide security for Canadian soil, its people and its property, they cannot openly discuss their views so that we can take them back, research them and possibly come up with better legislation. They have received orders from the government not to speak out in that nature to anyone.

During my last visit I was denied the opportunity to visit with the front line people. We know what the supervisors will say. They follow the rules very well. That is why they are supervisors. The higher up the ladder they go the better they follow them.

As I walked through these areas it was a shame to see the people on the front lines handing me notes urgently requesting that I call them because they are desperate to speak with me. They really want

to speak with us yet are not allowed to. These people from all areas of the system wish to voice some serious concerns.

The response I have heard from the government these last few days during our two supply motions regarding the terrorist legislation and aspects of Bill S-23 was that anything we suggest is simplistic. The government's answer to everything is that it is too simplistic.

The most simplistic thing I have ever seen in my life is a government that was elected by the people to run the show yet in the House of Commons openly admits that it does not, as the solicitor general did during question period when he said he does not run his department.

He is right. The government does not run the show but the bureaucrats sure as dickens do. They hold an iron fist. There are a whole pile of instructions from the bureaucrats to the frontline people ordering them not to speak out or they may lose their jobs. Welcome to the democratic society of Canada. It is disgraceful.

I will point out how difficult it is to get our hands on the information we desperately need to help make the situation at the border safer and more secure, especially since September 11. This is the kind of support the frontline people are crying out for.

Canada customs has been all about collection for years and years. One customs officer said he was getting awfully tired of being referred to as a grocery cop or a tax collector when one of his main functions at the border has always been to provide safety and protection. However customs officers work for a revenue agency which is good for collecting money. It is the type of agency that will provide them with bulletproof vests and then give them calculators. It does not make much sense.

It is time to move out of collection and into protection. Protection is what it is all about. That is the priority we see across the country as a result of the events that took place on September 11.

Where are we falling short? I pointed out to the minister during our short question period that this piece of equipment, PALS, is out of date. A few hundred yards down the road at the U.S. border the system in place there is instantaneously tied into every agency that is essential for a customs official to do his or her job. It immediately identifies the felons, the murderers, the smugglers and those who are being sought for kidnapping.

• (1545)

Ours does not. That sends up a red flag. There is a problem when we must detain and question a person for a few minutes while we go into the main office and try to hook up to all the things we can to gather information about what it is we are looking for. It is time to start bringing things up to date.

I have stood in the booth at the border and have been shown how it works and what its shortfalls are. I know the equipment. We could sit here and start talking again, as I know the member over there who is shaking his head would like me to do, about what it is and what it is not. Unfortunately I do not think most members over there spend their time in a booth at the border to see what is really going on.

*Government Orders*

I am tempted to paint Liberal all over my car some day, although I would regret it dreadfully, and drive to the border so that I would be welcomed with open arms and able to speak freely with all the people who work there. If one is not a Liberal one cannot do that. They will not allow it. The customs officers are gagged. The documents right here tell them loud and clear that if they talk freely they will jeopardize their jobs.

I was the principal of a school for many years. If I wanted to know what we could do or change to make things work better in Grade 1, I did not go to the Grade 12 teachers. I went to those who were offering the service.

All the university training and all the elections one could have would not change my view that if I wanted to know how to do things right I should talk to the people who spend years providing the service and putting their experience to work. These people look for the best solutions, something the government refuses to do because its bureaucrats have all the simplistic solutions. They are simplistic because they do not believe in consulting with their frontline people.

Long before September 11 the auditor general recognized that with more than 100 million travellers a year entering the country at 147 border points and 13 international airports, the risks to Canada's safety and security were extreme. He recognized it in his reports long before September 11. Last April the auditor general wrote that the main role of customs officers was to protect Canadians against illegal activities such as smuggling of contraband or the unlawful entry of inadmissible people. The audit raised concerns about how well the risks were being managed.

The first thought that comes to some people's minds, including my own, is that if smuggling of contraband and dealing with criminals and inadmissible people is the main thrust and primary function, should it be done by a revenue collection agency like Revenue Canada?

Customs officers are being asked to enforce the criminal code. They are being asked to arrest drunk drivers. They are being asked to arrest smugglers. They are being issued minimal equipment to do their jobs. The government has upgraded that a little. It now gives them bulletproof vests, most of which are used ones donated by the United States because we do not have new ones.

The auditor general points out that if they are to function in this capacity and enforce the criminal code it will not be easily accomplished through an agency designed to collect taxes and revenues. He does not suggest this point blank but he alludes to it.

Why do we not move it to an organization that has the knowledge and ability to work with these people so they can do an effective job of enforcing the law? That is what the majority of their work entails.

● (1550)

That would require upgrading of equipment. It would require upgrading a number of things such as the number of people and hours of training. Frontline officers south of the border in the United States have 16 weeks of training. That is more than a lot of basic training camps in the military.

It is not so on this side of the border, certainly not when it comes to hiring students to fill in for the people we have. These students

receive only two weeks of training yet their duties are the same. They must enforce legislation brought forward by the government in Bill C-18, which empowers them to arrest drunks and do everything they can to enforce the criminal code.

I will reiterate once again what happens. We have a number of border crossings where there are only one or two people on duty. They need to close these crossings at certain hours because they cannot keep them open that long.

I understand the government will try to keep all border crossings open 24 hours a day. It will need more people to do that. When crossings are closed they put out little orange cones to block traffic. Would that really stop someone from coming into the country who should not be here? People are under the illusion that criminals, smugglers and people trying to find their way into the country illegally do not know about that. They think they will stick to our main points of entry. That is not the case.

When will we recognize that if we are to properly equip and train our people to enforce the criminal code it could be better accomplished under a different agency than a tax collection agency called Revenue Canada? However the government has said that solution is simplistic.

It has been alluded to by a great number of people, including the auditor general, that there are serious concerns.

Let us look at the customs office in Victoria. That is the famous port where Ahmed Ressam was arrested and finally caught on the U. S. side after many years of operating out of Canada. At the Victoria port's main terminal they do not have a single computer. They operate out of a 35 year old trailer. They consult 30 year old lists on a clipboard about how to operate, who to look for and what to do. There is no computer. With more than a million people passing through the port a year, how can a clipboard do the job properly?

I will refer to some comments, not just one comment from one person but some pretty general comments. First, people on the front lines have talked about technology. Technology is extremely important and it needs upgrading severely.

Second, we need more people at our borders. When we consider the number of individuals we will need at Pearson and other international airports, when we look at the 147 border crossings across the country and all our major airports and seaports, 130 people is a drop in the bucket. They need a lot more. They are understaffed by 10% to 50% in most places across the land.

*Government Orders*

We need to look at eliminating the student program. Members should not get me wrong. I believe in hiring students. It is important that we keep students working and provide them an opportunity for work. However when it comes to the security of the nation and all the training customs officers require to do their job properly, many believe that students are not the ones who can best fulfil the job. It needs to be done by trained professionals, as it is today. We could eliminate the danger by eliminating these kinds of programs.

● (1555)

Let me read one quote to the House: "I would like to talk about another aspect of my job, which is danger. Every day I go to work could be the last day of my life. The customs and immigration part of my job sees me interdicting persons smuggling high value drugs, firearms and weapons, as well as inadmissibles, some of them criminals and terrorists from other countries. Now I have the authority of a police officer and I am responsible for arresting drivers who are drunk or high on drugs, persons abducting children or persons with warrants for their arrest for a wide range of offences right up to murder".

It is quite astounding what is required of this individual. He also said: "I basically deal with the same persons, goods and situations that my armed colleagues on the other side of the border deal with. As a result it would be prudent to assume that customs officers in Canada would be subject to the same dangers faced by the law enforcement officers in the United States".

When I went to Fort Erie I noted the equipment issued to the customs officers, like bulletproof vests, batons and pepper spray. They had no sidearms. I went to the other side of the border where they were all wearing sidearms and were equipped with whatever was necessary because they have to deal with the criminal element. On the United States side of the border, frontline individuals can speak with anyone at random. There are no restrictions. They can speak with the press or anyone. They have the freedom to do that, which we do not have on this side of the border thanks to the government, which will not allow it.

The officers in the United States first of all commended the officers in Canada for doing a great job and for doing the best they could with the equipment they have, but they fear daily for each and every one of them and feel they are not in a position to look after themselves properly.

Our government in its wisdom must have recognized that, because it put out regulations. Regulation 16, I believe, in the manual states that in the event someone is coming into Canada and is showing signs of being a real and sincere threat to our nation and its people or to the guards themselves, they are to simply wish that person well and admit him or her into the country then report it to the police. I do not know at how many ports of entry where it might be at least half an hour or up to maybe two, three and four hours before the police can even respond to the situation.

I do not know if members have seen this out west, but in Ontario it is the same. People can come across these borders in these areas and if they want to get lost for a while, boy, it is easy to do. They will not be found. If they are, it will be well after the fact simply because the customs officers do not have the backup or the proper equipment to

make an arrest when they should be able to. If there is a threat they have to let these people go.

The people working on the front lines do not like doing that, because they recognize the fact that those people can run free and loose forever. It is really hard for them to accept the fact that they have to let people go who they know will cause real serious problems somewhere down the line for some other people.

● (1600)

We have talked to a number of individuals in regard to some of our suggestions. My colleague from Edmonton, who is the chief critic for customs and revenue, and I visited with a number of people from the union representing the individuals we have talked about. We have talked to the police association and their people. It is always strange: When people get together who always seem to agree with the suggestions that we put forward in terms of what is needed to enhance the bill or what is needed to make the anti-terrorism bill better, they do not look upon the suggestions as being at all simplistic. In fact they agree with them.

They agree that customs and revenue should not be the agency that is working with, controlling or managing the frontline officers or customs officers at the borders. These jobs should not be under that portfolio. They should be under a portfolio that deals with law enforcement. They are just not allowed to arrest or detain people and they cannot use force against them.

I do not understand why the government has such a hard time accepting the suggestions that come through the mail from these people who are not allowed to voice their opinions when they would like to. They have to white out their names and ask that their names not be used for fear of losing their jobs.

A lot of my colleagues have seen the same problem in the coast guard and waterways are another area that needs to be addressed. When we go to a waterway border crossing and look to the south, we see the American coast guard going full scale in regard to protection. If we look to the north, nothing is happening.

I once asked a supervisor how he knew what the boats coming north were bringing in and what was happening. They do not know. Once again, they can only report to the police and the police usually do not have time to investigate because they are tied up with so many things. It is a pretty sad situation when a customs official has to say that a boat docked at one angle is probably carrying cigarettes, at another angle it is probably carrying whisky, at another probably guns and at another probably people. That is the best they can come up with. They simply do not have the forces to look after the continual flow of boats coming in freely at different crossing points, because we do not have officers patrolling those lines.

We are continually looking for legislation to address the needs. One of the needs of course is that we have to keep traffic flowing. We do not want the economy to collapse because of not being able to move freely across the borders. That is why we supported Bill S-23. It worked toward that end. If we do not get our heads out of the sand, start looking across country, recognize what the problems are and be willing to deal with them, we are headed for some serious problems.

*Government Orders*

I think the government should make one thing happen. It should be willing to allow the voices of the people trying to provide the service to be heard. I will emphasize that more and more. If their voices could only be heard to the fullest extent then we could come up with some very good suggestions and solutions for the problems we face each and every day.

●(1605)

The morale of such individuals is terribly low and I can understand why. They request something and it is not allowed. They write a letter and they get a warning that they will lose their jobs if they do not keep their mouths shut. Welcome to Canada.

I know the Liberals have a real hard time listening to the truth. The truth is an aggravating thing, especially when a party is operating a government that does not allow democracy to work. It is an absolute shame. I just cannot express enough about what it is like to work for a government agency where people's hands literally are handcuffed and their mouths taped lest they lose their jobs. We should think about that for a minute.

They do not have to worry about it on the other side of the House. Maybe they will lose their jobs in an election but they can say anything they like.

The guards at the border crossings have asked me to make certain that their voice is heard in all these respects. They do not enjoy the idea of going to work improperly equipped. They do not feel safe in their work. There are a number of issues that could be so much better if the government would only listen.

I also want to speak on behalf of the remote ports. They are really crying out for help, with one person at one station all by himself. We do not have anything there to address that person. There are many of those crossings, all across the line.

I want to talk about the students once again. They are trained for only two weeks, on average, yet they make up over half of the customs workforce during the two busiest months of the year, July and August. Half the workforce is students. There have been reports of shifts at Pearson airport manned entirely by students. To my way of thinking and to a lot of people's thinking, to have students as the first line of defence is a bit terrifying. I just recently heard about a female student who intercepted an individual crossing the border who had a gun. In the process of the student checking the chamber of the gun, it discharged and the bullet lodged in the building across the street. The students are not trained well enough in the inspection of a gun. It went off, but that was a student. She is not to blame. Sure, there should not have been a bullet in the chamber, but anybody who knows anything about guns knows that is the first thing a person wants to know when picking one up.

The auditor general's report referred to that. It also said that at many ports relations are totally strained among customs, immigration and other agencies and departments. When we add them together, customs, immigration and other agencies and other departments, at these ports, when they are strained to the degree that they are why are we not doing something about it? We are putting on 130 people. That is hardly a drop.

●(1610)

A quality referrals report was recently produced by immigration officers who were frustrated with the poor quality of referrals from the primary inspection line that is staffed by students. They were having a real problem because the expertise was not there to do the job properly.

On October 12, 17 of 29, or 60% of the officers on duty, were students with two weeks of training. This is a common occurrence. Week in and week out more than half the officers at Pearson are students. Our immigration officers are pretty sick and tired of the poor quality of referrals being sent to them. They are bogged down so badly that it is eating at their time. They feel they are not able to properly handle their work.

In 1991 we learned that the immigration department hired a contractor because the quality of referrals from the primary inspection line were so poor. The Ekos report found that in August, a peak travel period when a massive number of students is employed, more than 50,000 immigration referrals to secondary inspections were missed.

I do not understand why the minister will not remove students as a first line of defence or at least make provisions for them to be properly trained. It should be more than two weeks of training.

I want to remind the House that in the past week the American government has tripled its border workforce. The Americans increased their officers by 5,400 people and their border patrol officers to 900 persons along the Canada-U.S. border. Our minister announced last week the addition of 139 employees.

When I look at this I can understand the disappointment from the people on our side as to why this is not much of a priority. If the Americans have information that indicates they need 5,400 people on the border, what information do they have that we do not? Do the American officials understand that our immigration policy is so weak that they must defend against those travelling through Canada with the United States as their final destination and getting prepared for that? They have a lot of reasons to think that.

I want to express one more time that terrorism is an extremely serious situation. We have provided answers through consultation with those on the front lines, as much as we could, and with the police associations at every opportunity and they are on side with our suggestions. We have consulted with other agencies that like what we have to say with regard to what we should be doing. However, there are some people across the way who will not listen. They do not listen. They like their simplistic solution of letting the bureaucrats deal with it.

What else is new? I think that has been going on for 30 or 40 years. Once this government decides we ought to have a few reforms within our own country that respect democracy to a better degree, we might see the changes that are essential.

When I look at what is happening today, it is tiring to see day in and day out that respect for democracy by members across the way is diminishing and that there is little or no concern for protecting our people who are providing the service.

*Government Orders*

I hope that some day the members on that side will wake up and recognize that our first priority, particularly at this time, should be protecting our country and providing security. I hope that one day they will start acting on this.

•(1615)

[*Translation*]

**Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ):** Madam Speaker, I am pleased to speak to this important bill, Bill S-23.

First of all, I must say that I will not be using the 40 minutes allotted me, nor will I be inviting the member for Wild Rose to share my time.

As I was saying, Bill S-23 is an important bill. It is vitally important but, unfortunately, it does not seem to interest my colleagues in the House.

What needs to be understood is that we must at all costs improve the flow of goods and people, as well as the movement of travellers through customs at the Canadian and U.S. borders, but still maintain complete security.

It must also be recalled that, since 1991, the number of vehicles crossing the border has increased by 11% a year because of free trade and various other factors.

In order to illustrate just how much transportation has changed in recent years, I will give a few statistics for the year ending August 2001. They are quite recent.

The number of vehicles crossing border points using bridges or tunnels between Canada and the United States between August 2000 and August 2001 was 45,587,344 automobiles, 8,306,261 trucks and 348,639 buses, for a total of 52,242,244 vehicles in all.

The Ambassador Bridge between Detroit and Windsor was crossed by 8,592,000 vehicles, 3,332,960 of them trucks. I could go on.

I did not do the math, because I did not have a calculator. With the volume of trucks and cars regularly crossing the border, —I would estimate that this comes to over 50,000 cars a day using the tunnels or bridges between Canada and the United States alone. I did not check the other border points.

Hence the importance of rapid and effective movement and good service at border points, so as not to hold up truckers and motorists for hours on end. Hence the importance of seeing the real danger that exists in transporting people: There must be security for people and for goods. Just about anything can be taken past these border points.

Despite a few reservations, the Bloc Québécois will be supporting Bill S-23.

Bill S-23 is more than just sheets of paper, more than words or a wish list. It is a bill. What is important? To be able to implement the provisions of this bill. A piece of legislation with no one to enforce it is worthless. We need bodies. Canada needs more customs officers. The number of customs officers must absolutely be raised because of the heavy car and truck traffic going through customs.

•(1620)

As well, customs officers must be better trained in order to enhance their skills and enable them to do their job better. They must be provided with modern techniques. The Minister of Revenue referred to iris readers to identify people. Is this wishful thinking or reality?

This is why we presented an amendment at the report stage asking the minister to come before the Standing Committee on Finance a year after the bill is enacted to tell us “This or that thing is not going at all well, can it be changed?” Thought must be given to the conditions in which we have been living since September 11. If things were normal, perhaps nothing would have to be changed, but the conditions are far more serious.

The other question I have is this: how are our neighbours to the south, our American neighbours, going to see Bill S-23? Only this past weekend, hon. members will recall, New York state Senator Clinton was at Champlain, which is very close to Montreal. She spoke of a total perimeter for all of the Americas, with customs control and points of entry and exit at customs. That is not the position of the government across the way.

It is time to start thinking of a common ground. All we need is modern and efficient equipment, adequate numbers of staff and staff that is efficient and well trained, as well as a rapid information exchange system among all departments, in order to determine precisely which individuals are considered a low, medium or high risk. Customs officers must have the tools and information right at hand in order to function effectively. Otherwise, the paper on which Bill S-23 is written will merit nothing more than a fast trip to the round file, file 13.

I hope with all my heart that Bill S-23 will successfully improve border crossings and border security. The Bloc Québécois will be supporting this bill.

[*English*]

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Madam Speaker, I rise with great pleasure to discuss Bill S-23.

I represent the Halifax airport and one of the concerns I have is that many times the Halifax airport authority has asked the transport minister and the revenue minister about getting pre-clearance at the airport. This is something that the Ottawa airport, the Vancouver airport and other airports have. It is vital to the movement of U.S.A. passengers for them to have the convenience of being pre-cleared through the Halifax airport very quickly and expeditiously to the United States. All the authority is asking for is fairness, something that other airports in Canada have. In fact other airports that do not have it will probably be seeking this as well. We hope the minister, or at least his department, will take that under advisement to see how we can very quickly move that issue forward.

*Government Orders*

Also, when any bill of this nature comes forward it does absolutely no good unless it has full consultation with and support of the men and women at customs, the frontline workers, more or less the unionized workers. Again we encourage the government to ensure that the union is in lockstep with this measure, to ensure that union voices are heard, to ensure that their concerns have been brought forward as well.

The minister mentioned that there are about 130 additional employees being hired. In reality, within two years probably 300 to 400 employees will be lost through retirement. Therefore those losses will not have been offset at all. It would be prudent of the minister to go on a serious recruiting drive to encourage young people to get into the customs field and to become highly trained. The numbers should be in the 1,200 to 1,500 range, which is what is required to meet the new security measures post-September 11.

No matter what program we put in place we have to make sure that the movement of perishable goods, especially just in time goods, is not hindered by the actions on September 11. It is imperative as the two economies become more closely linked that the movement of goods and services is done correctly, quickly and efficiently and that both sides of the border are respected by both governments.

My former colleague, Mr. Peter Mancini from Cape Breton, raised in the House many times the divestiture of ports police in Canada to the normal city police, as was done in Vancouver, British Columbia and in my hometown of Halifax.

We argued at the time that it was wrong to do that. We felt that the ports police had to be specialized, a separate unit on its own, in tandem with government. The last time I heard any statistics on it, customs or the police check about 2 out of every 100 containers that come into the Halifax port. That is simply not good enough and is insufficient to say the least. We encourage the government to rethink that policy of the divestiture of ports police. It should reinstate the ports police, give them the training, adequate resources and personnel that is required so we can ensure that the goods and services that enter into our ports are properly checked and screened.

I am appalled that not so much the minister but his department would put a gag order on senior officials of the customs and excise union. It is simply unacceptable in this day and age of co-operation, open dialogue and transparency. "I want to be clear on what I would like to do" is what we always hear from the government front bench. At the same time that the ministers talk about openness and transparency, they tell their officials to put gag orders on the senior officials of the union.

I have a letter from Serge Charette, the national president of CEUDA, to the revenue minister, dated October 5. It clearly states that the union would like the gag order removed from its employees and rescinded.

In conclusion, I seek unanimous consent from all parties of the House of Commons to table the letter from the union to the minister so that it can be on the public record.

•(1625)

**The Acting Speaker (Ms. Bakopanos):** The House has heard the terms of the request of the hon. member. Is there unanimous consent to table the document?

**Some hon. members:** No.

**Mr. Bill Casey (Cumberland—Colchester, PC/DR):** Madam Speaker, it is a pleasure to speak to Bill S-23.

I say to the member who spoke previously that we certainly would have supported the tabling of that document. We think that access to information is an important aspect of parliament.

This bill is an act to amend the Customs Act and to make related amendments to other acts. We actually supported the bill throughout and thought that it had a lot of good practical ideas, until September 11, which made the whole thing obsolete in our opinion. It did propose a lot of good changes and enhancements to the systems that would expedite the process at border crossings and so on and so forth.

The events of September 11 in our opinion make Bill S-23 obsolete. The total focus is on our borders now. There is a great debate about whether we will have perimeter security, which I think we will have eventually. There is a great debate about increasing staff at border crossings, enhancing the procedures of control and assessment, increasing the focus on examining goods, services and people and identification at borders. It makes all of these things that were created to fast track and expedite border crossing obsolete until we finish the great debate on the philosophy of how we will treat our borders as a whole. Right now there is a proposal to increase funding by a lot for our borders.

I understand a second omnibus bill is being drafted to deal with terrorism. That one will focus on transportation issues and border issues. Bill S-23 will be superseded by that omnibus bill in many ways. We should shelve Bill S-23 for the time being until we see what the government puts on the table in the proposed omnibus bill. We have not seen it yet. We have just heard talk and conjecture about it.

The government is debating whether or not to consider a perimeter security system. The Americans will surely have a perimeter security system and we will be either inside or outside the system. Whatever decision is made will have a big impact on how we deal with our borders.

Many politicians in the U.S., such as the president, the vice-president, many senators and governors of states, have indicated that they want changes to the border crossing system. They have suggested that Canada is a safe haven for terrorists. We do not agree. However, they have certainly indicated that they have concerns about our border crossing systems. They will demand that we make changes, not the changes that are in Bill S-23 but other changes. If the bill goes through, we will go through a major series of changes to our border crossings and then we will have to do it all over again.



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The U.S. has already tripled its staff at border control points which is an indication of the changes that are about to take place. Now Mexico is into the discussion about the perimeter security system. If the United States and Mexico are to have a perimeter security system, then Canada must be a part of that. I believe we eventually will be a part of it, which again will make many aspects of Bill S-23 obsolete.

In the last few days the official opposition has proposed motions that change job descriptions and functions at the border crossings. The official opposition has proposed that we change all the things in Bill S-23, completely reverse many positions, turn customs officers into law enforcement officers, remove the tax collection function from customs officers and give it to a whole new enforcement agency and so on and so forth. That is an indication of the changes we are facing.

Business groups, chambers of commerce, boards of trade and provincial premiers are also calling for changes at the borders which do not necessarily coincide with Bill S-23. We should put the whole bill on hold until we assess what we will do as a country and how we will treat the overall security system, the overall border system and our relationship with the United States.

• (1630)

Essentially there will be a revolution on how we deal with border crossing issues and because of September 11, everything will be different. Everything is different now. Much of our trade is halted at the border because of delays caused by examinations. I do not expect the United States government to agree that the aspects of Bill S-23 will expedite the smooth crossing of traffic and trade at the border and allow things to go back and forth freely. That is not going to happen. Bill S-23 in that way is a little obsolete.

Perimeter security is inevitable and Canada has to be part of it. Eighty-five per cent of our business travels back and forth between the United States and Canada. The amount was as high as \$250 billion in 1999. The bill was drafted prior to September 11, in a whole different world and under a whole different set of circumstances. In many ways we think it would be a waste of time to proceed with all of these changes, some of which were really good prior to September 11 and some of which may still be good. However, if the U.S. does not agree with them and they are not part of its overall vision it is going to be very difficult to proceed with them and we will have to bring in another bill to reverse or change them.

The bill should be shelved until these matters are dealt with and an agreement is made, even a fundamental decision as to whether or not we are going to be part of a perimeter security system and whether or not Mexico is going to be part of that system. There is no point in going ahead with these major changes if we are going to be faced with another series of changes, which we will be for sure. This is not a matter of if we are going to change our systems and procedures at the border crossings, it is a matter of when and how. We are going to change them.

Bill S-23 should be held off until we know exactly what the government's philosophy and position is. Until that happens, we would like to see the bill shelved.

• (1635)

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Madam Speaker, I appreciated the hon. member's speech. I share his concern about the security aspect of the bill.

Obviously much of the consultation that was done on the bill prior to September 11 focused specifically on trade and did not focus on the issue of security as adamantly as we would like to see, especially after the events of September 11. To my understanding, the minister in his consultations did not meet with any security groups other than the customs union.

The U.S. recently has been talking very seriously about invoking section 110, which in fact could completely stop trade going south of the border from Canada because of exit controls and a number of other things that the U.S. may implement. There is talk of this being implemented over the next couple of years. What is the hon. member's impression of the impact that could have in the end on our trade going south of the border?

As he knows, 84% of our exports go down to the United States. I think our concern, and I am sure it is the hon. member's concern as well, is that if section 110 is invoked because we have not addressed the security issues as seriously as we should have in this bill, our industry will still suffer the consequences of a lack of security at the border.

**Mr. Bill Casey:** Madam Speaker, that is an excellent question.

We cannot separate trade from security in our relationship with the United States. Eighty-four per cent of our trade is with the United States. Every truck, every shipment, everything that goes across the border involves security. Many aspects of Bill S-23 deal with allowing trucks to flow freely back and forth without inspection at the border by arranging for prior inspections. This is absolutely contrary to the atmosphere now in the United States and in Canada. We are not talking about expediting transportation now. We are talking about increased security. That is just the opposite.

Many aspects of Bill S-23 were to allow for electronically transmitted information and pre-clearance based on profiling and audits on previous business and things like that. We have to come to an understanding with the United States on whether or not it is going to accept that philosophy prior to passing any bill, either Bill S-23 or the proposed omnibus bill that we hear hints of from the government, which will deal with transportation issues. It is supposed to be the second bill after the terrorism bill, Bill C-36. We understand it is coming, that it is being drafted now. We have not seen it yet, but many aspects of it will impact on Bill S-23.

[*Translation*]

**Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ):** Madam Speaker, I have a short question for my colleague. He said that Bill S-23 should be put on the back burner and that we should proceed to a more indepth study in co-operation with the United States.

*Government Orders*

I am surprised at his indecisiveness, because decisions have to be made. We are confronted with a problem that is unusual and quite new. We need innovative measures and decisions have to be made fairly quickly.

The Bloc Quebecois has advocated some changes, especially in security matters, but, overall, this bill is a step forward, and that is why we are supporting it.

I wonder if the hon. member should not take this step. After that, the good suggestions he has made could be part of a second phase in the reflection we should do as quickly and as efficiently as possible, while taking into consideration the security issue I mentioned, because we must improve the transportation of goods.

• (1640)

[*English*]

**Mr. Bill Casey:** Madam Speaker, I would ordinarily agree with the very hon. member, but we think it is a waste of money to bring in one set of changes, one set of rules and revamp the whole system when we know another change will come.

The member said we should be able to make decisions quickly. It brought to mind that the decision to buy the pills for anthrax was made very quickly. We now see how wrong that decision was. It is going to cost the taxpayer of Canada how many millions of dollars and has caused the government a great deal of embarrassment because it made the decision quickly.

We are saying that we should not make another quick decision when we know another bill is being drafted right now that will change many aspects of this one. It is just a waste of time and money.

**The Acting Speaker (Ms. Bakopanos):** It is my duty pursuant to Standing Order 38 to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Acadie—Bathurst, Airline Safety.

**Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance):** Madam Speaker, I rise today to speak in qualified support for Bill S-23. I would like to make it abundantly clear from the outset that the Canadian Alliance strongly believes in free trade and that is why we support the trade liberalization initiatives included in Bill S-23. We do not share the revenue minister's opinion, however, of this new vision of Canada Customs. We believe it is a myopic vision dangerously lacking in the tools, resources and legislation to provide adequate national security.

The official opposition is supporting the legislation in an effort to support the revenue minister during this time of crisis. He has assured Canadians that heightened security initiatives are forthcoming. We take him at his word and will be most vigilant in holding him to it.

The issue of border security is of utmost importance to Canadians, especially those whose livelihoods are contingent upon trade with the United States. Any slowdown at the border jeopardizes Canadian jobs and subsequently the mortgages, college funds, retirement savings and purchasing power needed to keep our economy strong and prosperous.

I stood in this place during the emergency debate on September 17 and spoke of the need to address our border security, not only to strengthen our borders but also to appear to be strengthening our borders. The reason for this was to head off any accusations by the United States that Canada was complicit in the events of September 11.

Several members of the U.S. congress and senate have targeted the Canadian border as a sieve for terrorists and a threat to the U.S. national security. These members were quite influential in passing section 110 of the illegal immigration reform and immigrant responsibility act of 1996. This part of the omnibus bill aims to strengthen U.S. border security and reform the process of refugee and asylum determination by implementing a system of entrance and exit controls for all aliens travelling to the United States, including Canadian nationals.

The bill was passed in 1998 but implementation of section 110 has yet to occur. However, in the aftermath of September 11 discussions are beginning to take place regarding the initiatives included in section 110.

According to the *National Post*, James Ziglar, the commissioner of the U.S. immigration and naturalization service, told the U.S. senate this week that he planned to put the entry-exit system in place at airports and seaports by 2003 and at the 50 largest land entry points by 2004.

He said that the collecting the data and using it electronically was important for U.S. security as part of anti-terrorist legislation, called the U.S.A. act, which was approved by the U.S. senate and house of representatives. The bill would also triple the number of border patrol agents to 900 along the 6,440 kilometre Canada-U.S. border and boost the number of INS inspectors to 5,319 from 1,723.

An increase in processing time at the border will have a disastrous effect on the Canadian economy. I do not need to remind this government that 87% of Canadian exports go to the U.S. while only 25% of American trade is with Canada. Presently Canada is the U.S.'s largest trading partner, but President Bush has made no secret of his desire to help develop and expand the Mexican economy.

Mexico has the potential to surpass Canada as a market for American goods. In other words, the U.S. can afford to slow down the stream of trade crossing the Canada-U.S. border in the interests of national security.

At a time of war, when emotions and patriotism abound, the rhetoric of the U.S. politicians toward Canada is being met with a groundswell of public support.

I would like to read from an article in yesterday's *Washington Post*, which states:

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Since hijackers crashed airliners into the World Trade Center, the Pentagon and a Pennsylvania field more than a month ago, lawmakers and U.S. law enforcement officials have voiced mounting concern that Canada's long-standing liberal immigration policies were providing foreign terrorists easy access into the United States.

Last June, Nabil Almarabh, identified as an operative for Osama bin Laden, was caught trying to sneak into the United States from Canada. Some lawmakers and law enforcement officials suspect that two of the Sept. 11 hijackers had gone to Boston from Canada, although neither U.S. nor Canadian investigators have turned up solid evidence to prove that.

• (1645)

It also goes on to say that one GOP house aide called the administration's decision not to fund new customs agents for the northern border "the first failure of homeland security".

Here at home, Nancy Hughes Anthony, Canadian Chamber of Commerce president, in a *National Post* interview said that the new U.S. border proposal is ominous. She said:

It is the sort of thing that hangs out there as a threat that we would just not want to see put in place. We'd like to try to make sure we meet the concerns of Americans without them having to do that sort of thing.

A group of nearly 50 business associations and companies, called the Coalition for a Secure and Trade Efficient Border, wants to see an indepth discussion of the border issues between the two countries:

"We have this concern, as a coalition, about the perception on the other side that we don't take security issues seriously," Ms. Hughes Anthony said. "We think as a business community that we need to increase our co-ordination with the U.S. officials at the border. It's the way we foresee the future going to address security concerns."

Canada and the U.S. are democratic countries. We share a common border. Our professional sports teams play in the same leagues. Our economies are integrated. However Canadians are asking why our border policies are so different.

The Canada-U.S. border is a clash of fundamental philosophies. In the U.S., the customs service believes its primary mandate is enforcement whereas the Canada Customs and Revenue Agency believes its primary mandate is to liberalize trade restrictions and collect revenues. The U.S. customs service considers itself the nation's primary border security agency.

One official stated "When we short changed customs we short changed America's security". Where is that sentiment here in Canada? I do not believe that Canadian values are any less worthy of protection. I believe that our citizens are just as worthy to feel safe and secure in their own homes as Americans. Why is the government so opposed to national security initiatives?

I believe that part of the problem stems from Canadian complacency. We live next to the world's largest military power and have taken for granted that it will always protect us. Prior to September 11, the Liberal government lived in a state of denial regarding terrorism in Canada. Our American neighbours have been much more vigilant, which is reflected in the mandate of its customs officers.

The other part of the problem is that we have a Prime Minister so concerned with his legacy that he has been more interested in securing his re-elections than securing our borders.

We hear a lot about Canada's porous borders. I know I have used that phrase myself. This phrase is by no means a reflection of our

customs officers, rather of the role the government has decided for them.

I would like to take this opportunity to thank our customs officers who, in the aftermath of the September 11 terrorist attacks, have been under incredible pressure, working extra long hours to thoroughly interrogate thousands of travellers seeking entrance into Canada. They are doing a tremendous and extremely valuable job with limited human, technological and financial resources.

The government has to make up its mind as to what role customs officers should serve. If it is in fact the first line of defence, then the government should provide sidearms. If it is tax collection, then it should provide a calculator.

Many border crossings are staffed with only one officer. These crossings are often not hooked up to computer networks and in some cases are dozens of miles away from the nearest police detachment.

We in the Alliance believe there should be an immediate network hookup of computers and of all customs software at all ports of entry into Canada. It is unacceptable for some customs officers in ports across Canada to have limited access or no access to electronic customs systems which provide intelligence and support to customs officers who must undertake interdiction and detention decisions and actions.

Customs officers at points of entry have been given peace officer status to detain drunk drivers and enforce other criminal code violations. All customs officers should have the power to detain individuals who are violent or suspicious. It is customs policy to allow all individuals to enter our country even if they are violent or suspicious, then contact the local RCMP detachment. Our remote customs crossings are not secure when the local RCMP detachment is hours away.

• (1650)

Our customs officers are proud to be on the front lines. In many cases morale is quite low as a result of the day to day operations at our borders. Our officers do everything they can to protect our borders. Many take specialized training to apprehend contraband, save abducted children and make other vital interventions. These same specialists are then joined on the border by summer students who have gone through an abbreviated two week training period before being put out on the front lines to screen people seeking entry to Canada.

I am fully in favour of student job initiatives. However I would not be in favour of student summer police officers. Why? Because they are not adequately trained to protect the public or themselves. The same is true for our border guards.

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When the customs union president appeared before the committee, he spoke of an incident where a student had intercepted a handgun from a traveller but was unable to unload the weapon. Unfortunately, the weapon went off as the student was handing it back to the person who had brought the weapon across the border. A shot was fired and the bullet hit a building.

The union has complained to CCRA officials repeatedly over the student program. Recently one of the union vice-presidents was preparing to meet with U.S. customs officials to discuss border problems. CCRA managers threatened to fire this VP if he even met with U.S. officials. What does the CCRA have to hide that it would threaten to terminate this union rep's job?

I believe the CCRA is trying to hide the fact that it has no expertise or interest in security issues. The U.S. customs agency believes that its primary function is law enforcement, whereas Canada customs claims to have a dual mandate of processing revenues and border security. The Canadian Alliance believes that a greater focus on security is required in order to harmonize custom standards with the United States which cannot be achieved within the CCRA.

Bill S-23, which is lauded as the new vision for Canada customs, is the product of months of consultations. With the exception of the Union of Customs Employees, all the consultations took place with trade and tourism representatives. As no security or protection experts were consulted, it can be concluded that the CCRA is not concerned with border security and therefore Canada customs must be moved out of the tax collection agency and under the purview of the law enforcement department of the solicitor general.

I spoke at length on this issue during our supply day motion yesterday so I will direct my comments to the initiatives included in Bill S-23.

As I said at the beginning of my speech, we support many of the trade liberalization initiatives within Bill S-23, in particular the advance passenger information system that allows carrier manifests to be thoroughly scrutinized prior to arrival.

The Canadian Alliance has called for similar initiatives in the past, including overseas interdiction programs and the use of digital photography and scanning of traveller documentation to ease in determining the identity of spontaneous refugee claimants who arrive in Canada without documentation.

Other initiatives we support are the customs controlled areas where arriving passengers are segregated from airport personnel and the travelling public prior to interrogation. We believe this will help stop the transfer of documents and packages that have circumvented customs inspection in the past.

The Canpass and Nexus programs will hopefully alleviate some traffic congestion once Canada invests in infrastructure improvements at our ports of entry and throughout our trade corridors. We are disappointed, however, with the lack of reciprocal programs in the United States. It seems we are doing everything to help exporters gain access to Canadian markets but little to help Canadians access American markets.

That is where Bill S-23 truly fails. The omission of comprehensive security measures and the omission of measures to harmonize customs regulations with the United States is a missed opportunity to secure our U.S. trade links and stabilize our economy.

Other areas of concern in the bill include the administrative monetary penalty system, or AMPS, in conjunction with the driver registration program which do not take into account the vast turnover in drivers experienced by the trucking industry. The inclusion of a mandatory review procedure would have ensured that the penalty regime was not injurious to the realities of the industry.

We in the opposition allowed the legislation to be fast tracked in order to provide the minister with the resources needed to respond to September 11. As a result, we have abdicated our responsibility to thoroughly scrutinize the legislation.

● (1655)

I am calling on the government to co-operate with the stakeholders who may be adversely affected as a result of the legislation, to commit to an independent review in the near future to study the legislation's impact in expediting trade and to gauge the re-allocation of departmental resources from low risk to high risk assessment.

In times of crisis we must never neglect our responsibility to those who have entrusted us with the task of creating just and sound laws.

I will take this opportunity to plead my case once again in favour of a continental security perimeter. The free trade agreement and NAFTA involved harmonizing Canada's tariff and duty regulations with its North American neighbours. Our nation has prospered as a result of our proximity to and trade with the United States. Eighty-seven per cent of our trade crosses into the U.S. and untold jobs and livelihoods are contingent upon strong, uninhibited trade with the U.S. and Mexico.

The next logical phase in NAFTA is to protect the trading relationship by harmonizing our security regimes. A continental security perimeter is a fancy name for knowing who is in our country. In order to keep the flow of goods, people and capital across our internal borders, we must more vigilant at screening and tracking those entering North America. A perimeter does not surrender any of Canada's independence to the United States nor does it remove our decision making ability here at home.

We can have a made in Canada solution to the continental security perimeter. Last week B.C. premier Gordon Campbell came to Ottawa on behalf of eight provincial premiers and two territorial leaders to urge the Prime Minister to pursue a perimeter initiative with the United States. The Canadian business community, including the CNR, has been calling for the same thing.

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So too has the Coalition for a Secure and Trade Efficient Border. However it is trying not to use the term North American security perimeter because of the negative reaction the phrase has drawn from the Liberal government. It does support the idea of trying to secure North America by checking goods and people at entry points to the continent rather than when they cross the Canada-U.S. border.

I urge the members opposite to take seriously the recent developments in Washington, D.C. Exit and entrance controls at the U.S. border will have ripple effects across every community in Canada. If these new U.S. border policies are a veiled threat, I suggest we heed it, for there is nothing to be lost by being part of a North American security perimeter but there is everything to be lost from being outside an American security perimeter.

**Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.):** Madam Speaker, I did not intend to rise because I support the bill, as I know the member does although he qualified his support, but he commented on a couple of items on which I really need clarification.

One of the points he made was that there should be better co-ordination between Canada and the U.S. in terms of our border efforts. If his concern, his objective, is that we have better controls with regard to people coming into Canada, then what he is basically saying is that we should co-ordinate our efforts with the Americans who let people into their country under their standards. He wants us to apply the same standards but he is trying to fix a problem where we are letting people into Canada whom he feels are undesirable but who have met the U.S. standards.

It is actually a contradiction to say that if we co-ordinate with the U.S., which is to go to their standards, that somehow we will fix the problem. The problem is that the people who come into Canada from the U.S. got through its system just by the fact that they were residents and legally in the United States.

The member threw out the comment about undocumented refugees. I do not want to get into all that but the member knows that 50% of the applicants for refugee status present themselves at the Canada-U.S. border. In other words, those people have entered the United States, have been accepted as legitimate applicants and have been released on their own recognizance. They are not in detention.

If we co-ordinate our efforts does he not believe there is a contradiction simply from the standpoint that the U.S. does not provide housing, social assistance, legal assistance or anything Canada that provides? Naturally a significant portion of those who claim refugee status in the United States will present themselves at the Canada-U.S. border for refugee status here simply because we do provide support to those who we believe are legitimate refugees and we do give them an opportunity to establish that.

The point I am trying to make is that it appears there is a contradiction. If the problems are being imported from the United States why would we want to change our standards to those of the United States?

• (1700)

**Mr. Rahim Jaffer:** Madam Speaker, it is obvious that when government members are listening to speeches, especially con-

structive speeches from this side of the House, they like to make topsy-turvy interpretations of things that do not even exist in speeches that are given.

I would love the opportunity to clarify, especially on the question that was asked. Throughout my speech I spoke about the importance of moving forward, especially since the September 11 disaster that we all witnessed. I also spoke about the importance of harmonizing systems so that we have more effective security measures at the border. Whether it is on the U.S. side or on the Canadian side, it is still in our best interest to work with the U.S.

That does not mean we have to adopt the systems that are in place in the U.S. and no one has even suggested that. I think that is where the government has completely failed. We need to look at our problems here at home and seriously find ways to improve certain situations.

No one is disputing the fact that our humanistic refugee settlement program is one of the most wonderful programs in the world but it should be tightened up so that it serves incoming refugees and existing refugees in country more effectively. I do not think we would find any opposition to that.

My family came here as refugees. Our community in Canada looked into ways to improve the system for potential refugees so that legitimate refugees were let in under the settlement program but potential refugees who would abuse the system were shut out. That is where the problem lies.

It is obvious that this particular member has not taken the time to see what is happening at Canada's borders. I recently visited one of the border crossings in southern Alberta which already had a plan in place to build a new facility that will house both U.S. customs and Canada Customs and Immigration on separate floors in the same building. There will be an increased effort to work together at that particular port and others.

Does it not make sense that we in the House should be leading the way for the facilitation of systems and information that could work for both sides of the border and improve our border security? We have to remember that the reason for border security is not only to protect Canadians but to allow trade to continuously flow, especially since it is in the best interest of this country.

I encourage the member to make a shift in his thinking and allow a review of the system so we can see where improvements need to be made and where we can work more positively and constructively with the United States to harmonize systems that can work in the interests of all citizens whether they live in Canada or in the U.S. Obviously if we want to protect our trade and we should be doing that. We should not be playing games when we are trying to protect Canadian lives and Canadian trade.

• (1705)

**Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP):** Madam Speaker, before I ask the question, I am sure the member would support my call on the House to give personal congratulations to the Minister of Veterans Affairs for finally resolving the issue of the Buchenwald veterans.

*Private Members' Business*

We all know that the Minister of Veterans Affairs is going through his personal concerns but for him to lead the way in getting this issue dealt with I believe deserves a round of applause from all of us in the House of Commons for his great efforts to resolve that issue for those heroes of Canada.

I have two quick questions for the member for Edmonton—Strathcona. Would he not believe that pre-clearance at airports, which most airports are calling for, is a very important thing in Canadian airports to facilitate and expedite the transfer of American passengers or American bound passengers to the United States? Would he and his party not believe in the New Democratic position that the ports police in Canada should be brought back as a separate unit working in conjunction with other forces within the country?

**Mr. Rahim Jaffer:** Madam Speaker, those are both relevant questions and I would say that the Alliance would concur with both of those positions of the NDP.

Pre-clearance is obviously a solution that would help deal with the flow of traffic at the airports. If proper security checks were put in place, the identities of passengers bound anywhere, especially if they were travelling through Canada, could be checked to make sure they were the same people with the same information they had when they got on the plane at the point of origin. Our party would obviously that.

The idea of ports police has been raised by a number of our colleagues who have ridings, as does my hon. colleague, in places where there are large bodies of water. With the loss of the ports police, some of those ports have not been patrolled as effectively as they should, which has been of great concern to a number of our colleagues. We would like to see some direction maybe even pointed to that.

The hon. member raised perfect questions that basically addressed the fact that we in this place have to make some serious decisions over the course of the next months and should be continuously making these decisions on how to prioritize our spending most effectively, especially in times of crisis, but also on how to provide adequate security for all Canadians. If that means putting in measures like pre-clearance and ports police, then let us really look at ways to do that within our budgets and within our means and allocate those resources effectively.

**The Acting Speaker (Ms. Bakopanos):** Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Ms. Bakopanos):** The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** On division.

(Motion agreed to, bill read the third time and passed)

**Ms. Marlene Catterall:** Madam Speaker, I rise on a point of order. I think you would find unanimous consent for the House to see the clock as 5.30 p.m. and proceed to the debate on private members' business.

**The Acting Speaker (Ms. Bakopanos):** Is that agreed?

**Some hon. members:** Agreed.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** The House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

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## PRIVATE MEMBERS' BUSINESS

● (1710)

[*Translation*]

### COMPETITION ACT

**Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.)** moved that Bill C-248, an act to amend the Competition Act, be read the second time and referred to a committee.

He said: Mr. Speaker, I would like to thank all of the members of the House as well as those who, like myself, sat on the Subcommittee on Private Members' Business of the Standing Committee on Procedure and House Affairs.

I would also like to take this opportunity to say that this is not the first time, that we have been given the consent of the House to discuss the issue of competition. It has happened on numerous occasions.

[*English*]

I am pleased to be here today to discuss Bill C-248, which in the previous parliament was known as Bill C-509. The bill deals with a substantive change to section 96 of the Competition Act. It is part and parcel of the efficiencies defence. There is the following exception in the Competition Act:

The Tribunal shall not make an order under section 92 if it finds that the merger or proposed merger in respect of which the application is made has brought about or is likely to bring about gains in efficiency that will be greater than, and will offset, the effects of any prevention or lessening of competition that will result or is likely to result from the merger or proposed merger and that the gains in efficiency would not likely be attained if the order were made.

These are the factors to be considered. On July 20, 1998, Superior Propane announced that it was about to formalize an agreement with ICG from Petro-Canada. Some three weeks later the competition commissioner commenced the inquiry into the transaction as is required under law for all merger reviews.

On December 1, 1998, the commissioner applied to the Competition Tribunal for an interim order to prevent the completion of the transaction. The tribunal rejected the application and the parties completed the transaction.

The commissioner filed to obtain a divestiture order from the tribunal under section 92 of the Competition Act that would have Superior divest itself of ICG. On December 11 the tribunal issued a hold separate order pending its decision.

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In the period of time from December 11, 1998 to August 30, 2000 the tribunal announced in a rather interesting landmark precedent setting decision based on section 96 that it was dismissing the application brought forward by the competition commissioner under section 92.

It found that the merger was likely to prevent competition in Atlantic Canada and lessen competition substantially in many local markets and for national account customers. The majority of the tribunal dismissed the application brought by the competition commissioner pursuant to section 92 on the grounds that the respondents had been successful in demonstrating their efficiency defence in accordance with section 96.

The commissioner appealed that finding. I introduced the first bill on October 17. On April 4, 2001, on the request of the competition commissioner the Federal Court of Appeal allowed an appeal.

In the decision on that date the court ruled that the tribunal incorrectly applied the efficiency defence in section 96 of the Competition Act. It found that according to the tribunal the fact that the merged entity of Superior and ICG would eliminate all consumer choice and remove all competition in the propane supply market, as it is likely to do in Atlantic Canada, is not an effect that legally can be weighed under section 96 against the inefficiency gains in the merger.

Justice Evans looked at the decision and stated that such a conclusion seemed so at odds with the stated purpose of the act, namely to maintain and encourage competition and the statutory objectives to be achieved thereby, as to cast serious doubt on the correctness of the tribunal's interpretation.

The federal court effectively ordered that the matter be remitted to the tribunal for determination and in effect to rehear the case.

In his case the competition commissioner stated that the court agreed the efficiency defence was not intended to sanction mergers that result in a monopoly or a near monopoly without taking the impact on consumers into consideration. The issue was then appealed by Superior to the Supreme Court of Canada which literally refused to hear Superior's appeal.

We have an example of where private members' business and initiatives by the House have anticipated a concern in many respects. If we think for a moment about the potential impact this had on the farming community in western Canada, suppliers, producers and consumers in Atlantic Canada, and ultimately its devastating impact on the competitive process, the decision by members of parliament to correctly put this issue before the House of Commons and deem it votable was the correct one.

Last year I was responsible for assisting a number of Canadians through a very difficult winter when energy prices were soaring, much as a result of arbitraging the market.

• (1715)

We saw natural gas prices, home heating fuel, propane and the like all rising rather dramatically and suddenly, causing the government to try to take correct appropriate action to help stave off what would have otherwise been a perilous situation for many Canadians. I

compliment the government for having taken that position. I believe it was the correct one at the time.

I also believe the House has a responsibility to ensure that our Competition Act is interpreted in such a way that the precedent set by the Competition Tribunal is clearly set aside by the House of Commons.

There may be members of parliament who would dare to suggest that this is rule made law and that somehow the supreme court or the federal court has made decisions. I assure the House that they have not come to any decision. We must ensure with respect to Bill C-248, if we are to qualify the efficiencies defence in the Competition Act, that those efficiencies and gains which occur when two entities merge together to create a substantial and possibly dangerous monopoly are found to be transferred either to customers or to consumers, not simply to individuals who happen to see a good deal, take over their competitor, shut their operations down and consolidate their monopoly.

This is the shortcoming of the way in which the act is written. The act also suggests incorrectly that it is possible to use a hypothetical economic efficiencies defence argument. Again there is no clarification. Parliament is being called upon to ensure that the clarification coming from those who understand the Competition Act as I do, because I have interpreted and worked in many facets of that act, also gives them an opportunity to have a say in terms of how the deliberation occurs.

I well understand there will be those who will make the argument that it is before the courts. I can assure my hon. colleagues it is not sub judice. It is not a criminal matter. This is before the Competition Tribunal, a quasi-judicial body which will have to hear it again. I suspect the decision may very well come ultimately some time in the month of January.

That does not preclude parliament because it ultimately wrote the Competition Act with the help of certain very powerful individuals in 1996.

I am interested in this issue because I also find that even our friends at the OECD make it very clear to many of us who have looked at the issue time and time again that using gains in efficiency is simply not acceptable.

As I try to find the appropriate document, it is very clear to me that other international bodies have already spoken very eloquently to the need to ensure that a merger request which results in and is designed to create an efficiency situation for a particular entity is not used in a way that does not see the value being returned to customers or consumers or, more important, to offend the competitive process.

OECD roundtable No. 4 competition policy on efficiency claims and mergers and other horizontal agreements states very clearly:

—there is a clear limit for the efficiency defence: the elimination of competition. Therefore, even if the parties can prove that an agreement would bring about high efficiency gains, these efficiencies are not able to justify an elimination of competition.

It says, in terms of the European act:

*Private Members' Business*

—85(3) provides for a kind of “sliding scale”: the more competition is restricted by means of co-operative agreement the higher the efficiency gains have to be in order to qualify for an exemption—up to the limit where effective competition is eliminated—

Given the OECD's position, given what we experienced last winter in a very cold winter for many, and given what the House has seen with respect to the right decision that was taken by a competition commissioner, I do not think we have much time for silly arguments that it should not be considered because we want to wait for the tribunal to ultimately make a decision.

It is not that we in the House want to rush judicial or quasi-judicial interpretations. The interpretation of the federal court not to hear this and the decision taken by the commission bears out the validity. This is a clear sign that members of the House should take inventory of what is currently before us and be able to point the Competition Act in a direction to ensure that above all it meets the goals and expectations of the Competition Act.

• (1720)

I want to point out to members of parliament that the federal court did point out the purpose and interpretation. Article 1.1 of the Competition Act states:

The purpose of this Act is to maintain and encourage competition in Canada in order to promote the efficiency and adaptability of the Canadian economy, in order to expand opportunities for Canadian participation in world markets while at the same time recognizing the role of foreign competition in Canada, in order to ensure that small and medium-sized enterprises have an equitable opportunity to participate in the Canadian economy and in order to provide consumers with competitive prices and product choices.

A lot of us in the House have this great fear that if a large corporation says it must be bad, and it has a few jobs in the riding, we should ultimately ignore the plight of many of our small and medium sized enterprises and, more important, the very people who elect us, the consumers of this country.

We have every bit of evidence to demonstrate that there are shortcomings in the Competition Act. I will not get into the details as to who wrote the act. No doubt a select group of individuals may have had something to do with it. However I assure members that when it comes to the interpretation of this important regulatory body, which is there to protect a market oriented process, it is the plaything of a select group of individuals who, in their infinite wisdom and reason, may have another interest, and that is of course of their clients. In the House of Commons, we have a greater obligation to the broad public interests in this country.

[*Translation*]

That is why I say that the provisions in the bill make good sense. I urge other members to support them, not just to improve competition but also to assure our constituents that this parliament is alive, is capable of being effective and can easily react to problems peculiar to the times we live in.

That is why I am here, not just to debate the issue of competition. Obviously there are other members sitting on various committees. Generally speaking they recognize the need to supply our country and to anchor this bill in reality.

[*English*]

It is important to infuse a reality check in what we are doing here. I commend members of parliament who have worked with me on previous endeavours and initiatives such as Bill C-235 in the last parliament.

Mr. Speaker, you were part of the Liberal committee on gasoline pricing many years ago. On a very cold day in January you invited us to talk about the plight of individuals who could not get supplies or consumers who were having difficulties. I recall that it was in Timmins where people were forced to pay 10 cents or 15 cents more than people were in southern Ontario. Everybody knew that driving a truckful of gasoline from the Toronto refineries all the way up to Timmins could cost no more than a cent or two a litre more. Yet we were seeing various discrepancies of 10 cents to 15 cents and even more in remote areas.

That is only one segment. The media will also look at gasoline. I find it funny when my little four year old son, Bradley, calls me the gas man. I am not sure what he means by that. However, I assure hon. members that the concerns this side of the House has raised, and I see that members on the other side of the House are starting to raise similar concerns with respect to the Competition Act and gasoline, apply to a general pattern of concentration in Canada which is in need of review.

We know that concentration may be, of necessity, an inevitability of globalization. We have the authority and the ability to ensure that at the end of the process its effects can be minimized if consumer choice is removed or, worse, if consumers are forced to pay more for a product which in many respects is one that comes from under the ground or is harnessed by other means.

A nation that is abundant in so many resources finds itself in a bit of a contradiction where it may pay more for its products or have less choice than our competitors south of the border.

I do not want to go on at great length about that. The reason that parliament should now address the efficiency defence is important because a dangerous precedent has been set.

The tribunal said that it was okay to have a harmful, anti-competitive merger as long as one could prove that one could have some kind of efficiency gain. It did not say to whom that efficiency gain had to go, but presumably corporations are not stupid. They will put it in their own pocket. That will benefit those who are interested from a shareholder's perspective.

However that flies in the face of the intention of parliament in 1986. The parliament of today must ensure the enhancement of the competitive process whereby consumers and business can enjoy the fruits and labour of a competitive process. It is for these reasons that parliament has an obligation to ensure that it provides timely and effective responses to individuals who may from time to time find themselves without a voice.



*Private Members' Business*

I find it interesting and passing strange that in terms of this bill and other bills that come before the House on the issue of competition, and we see this in committees, the only individuals who tend to speak out against these things are people who are there on behalf of very large entities. The irony is that at many of the meetings I attend off Hill and on Hill as a guest speaker, an intervener or facilitator, I always see the same people.

One of the most important pieces of legislation including amendments and considerations tends to be decided by a handful of individuals. The same individuals probably have a lot to do with being able to attend various international competition conferences around the world. It is interesting because they tend to knock the lack of timing, effectiveness and efficiency of our competition bureau.

I would probably have some cause with that except I see it from their perspective. They are not getting their mergers quickly enough. They think that the process of enforcement in the writing of the guidelines should be toward their own ends.

• (1725)

I think that is a very dangerous thing for us to observe. In papers like the *National Post* and the *Financial Post* we always see articles written about how international bodies, which tend to be our own competition lawyers who work for some of the largest corporations in this country, are out slugging the bureau. They cannot do it locally, they have to do it internationally and hide behind that sort of shield.

Let us expose this for what it is. Let us begin to take back a piece of legislation that is important to all of us. It is a piece of legislation that is critical to the good functioning of our economy. We need to stand and become relevant as members of parliament to ensure that a handful of individuals is not going to be the gatekeeper of what is in that act. If they can get away with it in the Competition Act, I am sure there are possibilities for them to do it elsewhere in other pieces of legislation.

Just to qualify, that is not to suggest there is not an important reflection and review of the Competition Act. Again, it is very strange that I always see the same individuals coming forward. Members of parliament more often than not receive criticism from small business or consumers who are left with no choice and wonder why there is no effective enforcement of our act, real or perceived. We as members of parliament are their best shot. It is for that reason members of parliament have to take the time to write legislation that makes sense, that is reviewed within the context of the decisions that are made, but also responds effectively to the needs of Canadians.

This bill is the third such bill that has been made votable on the Competition Act which I have been able to bring forward. With the private right of access I am proposing with respect to Bill C-23, I believe we are now making headway. It is important to recognize that I applaud the government for allowing members to do this, but let this not stop in the House. Let us ensure that the Senate also understands its validity and impact on Canadians.

I believe we will have gone a long way not only to address the shortcomings that are clear and abundantly obvious to anyone, including our government and opposition, with respect to the

Competition Act, but we will have done something to improve legislation generally in Canada and earn our own pay.

• (1730)

**Mr. Gurmant Grewal (Surrey Central, Canadian Alliance):**

Mr. Speaker, I am pleased to speak to Bill C-248, an act to amend the Competition Act with respect to the efficiency defence for merger proposals.

The official opposition's chief critic for industry, the hon. member for Peace River, unfortunately cannot speak to this bill due to some urgency, but he has done quite a bit of work on this issue and is very interested in it.

This bill was introduced in the last session of parliament but as the member said, it died on the order paper.

Bill C-248 is a deceptively short bill with only one clause and two subclauses. However there is more to the bill than meets the eye.

The purpose of the private member's bill seems to be that the enactment amends the Competition Act to clarify the competition tribunal's power to make or not make an order in the case of a merger when gains in efficiency are expected or when the merger would create or strengthen a dominant market position.

Section 96 of the Competition Act specifies that a merger may be approved by the competition tribunal even if it substantially lessens or is likely to prevent competition within a specific market, trade or industry as long as those advocating the merger can prove that such a move would bring about or would likely bring about gains in efficiency that would be greater than and would offset the effects of any prevention or lessening of competition.

I appreciate the intent of the hon. member in bringing forward this bill but when we look at the details, we find that this is mere tinkering.

Section 96 further instructs the tribunal to consider whether such gains in efficiency will result in a significant increase in the real value of exports or a significant substitution of domestic products for imported products. The Competition Act is clear that a redistribution of income between two or more persons or groups cannot be considered an efficiency. In other words, if a proposed merger will benefit one person or group to the equal detriment of others, that cannot be considered an efficiency.

Bill C-248 would create two new subsections for section 96, subsections (4) and (5), to further instruct the tribunal on the consideration of efficiencies in a merger case. I would argue that these instructions would muddy the waters and quite possibly stand merger review on its head.

The motivation behind Bill C-248 was the competition tribunal's decision to allow the merger of Superior Propane and ICG Propane against the wishes of the competition commissioner. I agree with the commissioner that the merger probably should not have gone ahead. I was pleased to hear that the competition bureau won its appeal at the federal court and that this case will be heard again by the tribunal. I would like to see the process run its course.

*Private Members' Business*

The hon. member from Pickering has crafted a private member's bill that he thinks will fix the problem. I commend his initiative and efforts. However, I have trouble with reactionary law or amendments tinkering with existing laws that are designed to resolve a specific situation. This is not the way to make coherent legislation that will stand the test of time.

● (1735)

Currently when considering gains in efficiency, the tribunal does not discriminate between groups as long as one group does not benefit at the expense of another group, which is considered merely a redistribution of income.

Overall efficiency gains are the main issue. The distribution is not important. However proposed subsection (4) would require that the majority of benefits derived from gains in efficiency will be passed on to customers and consumers. The amendment proposed by the member from Pickering would require the tribunal to favour consumer interests over producer interests. This is a serious change in tone and direction. I am not convinced it would benefit the economy as a whole.

Subsection (5) would disallow the efficiency defence entirely should the merger result in the creation or even the strengthening of a dominant market position. This amendment would require the tribunal to discriminate against dominant players. In a country with a domestic market as small as Canada's, it may not make economic sense in a number of sectors.

Unlike the member from Pickering, I do not believe that dominant players in the market automatically are abusing their dominant market positions. This is presuming guilt before innocence. I also do not see much merit in enshrining outright discrimination against dominant players in the Competition Act. It is not fair. There is nothing inherently wrong with a dominant player in a market but subsection (5) could have the effect of preventing dominant players from emerging even if that is the best thing for the market.

I would argue that this might not be a good strategy in a global economy. We should not allow the tribunal's hands to be tied by proposed subsection (5). That is what it will do. It will tie its hands. The tribunal must be able to make decisions on a case by case basis.

The bill talks about a specific scenario but it has a broad spectrum of implications. It implies that the bill does not want real competition but a regulated competition. That is the difference. We want real competition in the market, not a regulated competition of a few industries under strict conditions. It should be the market forces that dictate free and fair competition in the market, not artificially unfair conditions. It is only tinkering.

To further make my point, I will quote a recent article in the *Globe and Mail* which discusses a draft report by the Organisation for Economic Co-operation and Development:

Canada's Competition Bureau is plagued by an inconsistent policy framework, hampered by national monopolies, undercut by a lack of resources and tainted with a reputation for having no independence.

The competition bureau should be independent.

The bureau should be turned into a stand-alone agency, reporting to parliament through the industry minister...Such independence would help change the perception

that the bureau's decisions are subject to political influence. However, the onus is on the Prime Minister...to make changes required to give the bureau more independence.

The report also states that laws that require Canadian ownership and control in several sectors, especially airlines, banks and bookstores, have prevented competition policy from dealing adequately with issues such as market power and monopoly.

Of course there are other issues such as enforcement and other things but I will not go there. In a nutshell, important decisions should not be subjected to political pressures to protect national competition interests.

● (1740)

I will support sending the bill to the industry committee, but I will not support the contents of the bill and the effect it will have on the market.

[*Translation*]

**Ms. Jocelyne Girard-Bujold (Jonquière, BQ):** Mr. Speaker, it is my pleasure to speak to Bill C-248, introduced by the member for Pickering—Ajax—Uxbridge.

I would like to state at the outset that I am very pleased to support this bill, as I believe the Competition Act needs to be strengthened.

It is sad to note that the act currently has no power to fight collusion. In our world where the role of the economy and markets becomes increasingly important, we need to ensure better protection for citizens of this country. Personally, I believe that Bill C-248 is a step in the right direction.

This private member's bill proposes a review of the application of sections 92 and 96 of the Competition Act. This would have the effect of prohibiting any one company from having a dominant market position following a merger.

Given the deficiencies of the current Competition Act, I sincerely believe that we must do everything within our power to restrict any possibility of dominant positioning and collusion at the outset, because once it has occurred, it is difficult to come back and ensure that the public is well protected and served by fair and healthy competition.

Let us look at an example. In my region of Saguenay, we have been in a very difficult situation in the past few months. The price of gasoline was so incredibly high at one point that we thought the price at the pump would go beyond a dollar a litre.

I would remind the House that, in January 2001, Irvin of Calgary published a study, which concluded that the retailers in the region of Saguenay—Lac-Saint-Jean had the highest profit margin in the country. While the national average was about five cents a litre, in the Saguenay, retailers were getting as much as 12 cents a litre. It is not surprising to discover the range of prices at the pump. How do we explain it? It seems to me that healthy competition should produce similar prices across the country.

*Private Members' Business*

In addition, strange as it may seem, on the same street, at the same point in time, retailers in my region were raising their prices. I can understand this happening when prices are being lowered, since no retailer wants to be outdone and uncompetitive. However, what is the explanation for the simultaneous price hike?

The people in the competition bureau call this phenomenon “conscious parallelism”. This means that a retailer will follow all price changes, be they upwards or downwards. Would it not, however, be logical for a retailer to keep his prices lower than the competition in order to increase his business?

I have to say I do not accept this theory of conscious parallelism for a moment. It is, instead, collusion among retailers who benefit from people's dependency on their cars.

I lodged two complaints with the competition bureau to get them to investigate. Nevertheless, although this price shift is disgusting to ordinary consumers, the competition bureau cannot investigate a mere observation. It must have written or oral proof to even initiate an investigation.

Let us get serious. With all the new technology we have, like cell phones and e-mail, it has become very easy to avoid being caught for fraud.

The review of section 45 of the Competition Act must be closely followed in the case of collusion in the oil industry. Indeed, the term “unduly” in this section forces the competition bureau to have written or oral evidence of collusion which, as I just explained, is almost impossible to get. We must adapt this section to the modern realities of the 21st century.

• (1745)

I am not the only one to promote this idea. When he appeared before the Standing Committee on Industry, Science and Technology, Professor Thomas Ross, with other witnesses, said:

It is important to remove the term “unduly” to facilitate price fixing investigations, which are currently too difficult to conduct.

Further on in his remarks, Mr. Ross said “It is high time to reform section 45 and I do hope that the industry committee will look at this issue very soon”.

I believe it is high time we as parliamentarians review our acts so as to give priority to the interests of individuals, on the competition issue as well as all other issues. As I said in my presentation, major companies, such as oil companies, have it too easy and can do whatever they want in their sector. They take advantage of the weakness of the Competition Act to gouge prices in an unreasonable fashion.

The hon. member who presented this bill has a great deal of expertise in the area of competition. He also presented Bill C-472 on private applications and I congratulate him on that.

I must say that I am more and more in favour of this idea. I believe that individuals themselves should have the right to bring before the courts a company that is guilty of fraud or price fixing. We must not forget as well that the chronic underfunding of the competition bureau greatly limits the number of cases heard by the tribunal.

Short of providing the adequate financial means for the competition bureau to do its job, allowing citizens themselves to institute an action is a very good idea. We must examine it carefully and move forward.

The competition sector is extremely large. Bill C-248 introduced by the hon. member for Pickering—Ajax—Uxbridge would restrict the influence of big companies. Finally, the competition bureau would have a say in mergers leading to an excessive market control.

However, I strongly urge members to ask themselves some questions about the implementation of section 45 of the Competition Act. Private access is also a solution that may be emphasized. The government must be open minded and finally be on the consumers' side. Perhaps these people do not put as much money into campaign funds as Petro-Canada or Shell do, but it is still taxpayers who are funding our salaries with their taxes.

It is time to give priority to the real citizens of this country. This is what I am doing and I am proud to speak on behalf of my constituents of Jonquière and to represent their interests.

I ask all members of the House to tighten up the Competition Act and to support Bill C-248, which was introduced by our colleague.

**Mr. Claude Drouin (Parliamentary Secretary to the Minister of Industry, Lib.):** Mr. Speaker, I am pleased to have this opportunity to address Bill C-248, an act to amend the Competition Act.

My colleague, the member for Pickering—Ajax—Uxbridge, has a long standing interest in competition law and he should be commended for raising its profile in this place.

Competition is important, not as an end in itself, but rather as a means to an end. Competition encourages firms to lower costs, reduce prices, improve services and develop new products. As consumers, this makes us all better off.

The Competition Act applies to virtually every industry and business in Canada. It seeks to maintain and enhance competitive market forces.

Bill C-248 would amend the act to limit the application of the so-called “efficiency defence”. Simply put, the efficiency defence allows for the consideration of gains in efficiency when examining the anti-competitive effects of a merger. Bill C-248 would limit this defence by addressing two specific circumstances under which it could not be used.

First, it would require that the gains in efficiency exceed the anti-competitive effects and lead to lower prices. This proposed price test is widely viewed as one of the simplest and most direct means of verifying that efficiency gains resulting from a merger will ultimately benefit consumers.

*Private Members' Business*

The second feature of the bill is that the efficiency defence would not apply if the merger would result in the creation or the strengthening of a dominant market position. The obvious extreme example would be a merger to monopoly.

Perhaps the inspiration for this bill was a decision by the federal competition tribunal in a merger between ICG Propane and Superior Propane.

This 1998 merger brought together the two largest propane suppliers in Canada and it was the first merger case where the efficiency defence was used to counter the anti-competitive impact of a merger.

The commissioner of competition challenged the merger on the grounds that it would clearly lead to both a substantial lessening and prevention of competition in the market for propane.

Superior Propane argued that the efficiency gains resulting from the merger would offset those anti-competitive impacts, so the merger should be allowed to stand.

In August 2000, the competition tribunal decided that the merger was likely to prevent competition in Atlantic Canada and lessen competition substantially in many local markets across Canada and for national account consumers.

It also concluded that the appropriate remedy for this anti-competitive result of the merger would be an order compelling the divestiture of ICG. However, the tribunal did not issue such an order.

The tribunal agreed with Superior that no order could be issued because the efficiencies resulting from the merger would be greater than and would offset the effects of any prevention or lessening of competition.

The commissioner appealed the decision to the Federal Court of Appeal. The federal court overturned the tribunal's ruling and sent the matter back to the tribunal for a re-determination hearing. Most recently, Superior Propane was denied leave to appeal the matter to the Supreme Court of Canada.

The matter of Superior Propane's acquisition of ICG Propane is important both for Canadians who use propane fuel and for Canadian competition law.

• (1750)

The question of how to treat various elements of efficiencies and how to balance them against the anti-competitive effects of a merger is one which became topical when Superior Propane proposed to acquire ICG Propane in 1998.

The hearings before the tribunal involved a large number of witnesses, including many economic experts. The tribunal heard a wide range of views on how efficiencies should be measured and how they should be balanced against anti-competitive impacts.

The federal court, in its reasons for judgment, disagreed with the standard of review used by the tribunal, but added that it would not itself tackle the question of what is the correct method for determining the anti-competitive effects, which reflects on the complexity of this area of competition law.

The bill before us received first reading on February 7, 2001, prior to the Federal Court of Appeal's ruling on the commissioner's appeal of the tribunal ruling. This was a period of uncertainty in Canadian competition law because it was unclear whether the federal court would uphold the tribunal's ruling, reverse it, or cast the efficiency defence in an entirely new light.

Bill C-248 appears to have anticipated a federal court ruling supporting the tribunal's decision, and therefore sought to clarify the issue by limiting the application of the efficiency rule.

It is difficult to propose rewriting a law while it is before the courts, but we must understand that there was considerable concern that if the tribunal ruling stood, there could be a wave of mergers to monopoly which would be unstoppable because of efficiency claims.

As I have indicated, the question of how efficiency claims should be treated in merger analysis is very complex. The Federal Court of Appeal has pointed this out in its ruling. While I understand the underlying motivation for this bill, I think the Federal Court of Appeal and the Supreme Court of Canada have spoken unambiguously on this subject.

I think it would be unfair to suggest already that the tribunal needs further guidance than that provided by the superior courts on the issue. It would not be helpful to change section 96 of the act while the tribunal is adjudicating a matter on that very section.

We do not presently have reason to believe that the act needs clarification through amendment in respect of the efficiency defence.

Let us be reasonable and let the competition tribunal do its job and revisit the propane merger now with the benefit of the wisdom of our superior courts.

Once again, I would like to thank the member for Pickering—Ajax—Uxbridge for bringing this important issue to the attention of the House.

The matter which gave rise to this bill is again before the Competition Tribunal and may yet again be brought before the Federal Court of Appeal and possibly the Supreme Court of Canada.

Given that this matter is currently before the courts, it would not be prudent of members in this place to presume the outcome. I trust members of the House will use their good sense to ensure that we make the right decisions.

*Private Members' Business*

• (1755)

[English]

**Mr. Chuck Strahl (Fraser Valley, PC/DR):** Mr. Speaker, thank you for the opportunity to speak to Bill C-248, an act to amend the Competition Act. It is a timely piece of legislation given the current situation in our country as far as our concern goes for our economy generally. However, it is also timely because we are reviewing parts of the Competition Act in committee right now.

I want to commend the hon. member for Pickering—Ajax—Uxbridge for bringing this legislation forward. He is becoming quite well known for his critique of the Competition Act and the tribunals and so on. It is a well earned reputation. He is someone who, both in committee and in the House, is building a reputation for the strength of his private members' bills and his committee work. It is a tribute to him as an individual MP who sometimes kicks over the traces a little bit, which is always to be admired in this place. More important, he does it on a matter that he has focused in on and I think he has done a good job of highlighting a concern he has about the Competition Act.

I do want to know how he always gets his bills drawn from the private members' bin. That in itself deserves a competition investigation.

In the time given to me I want to talk briefly about the specific circumstances that led to the need for the bill, and I think we have heard a good part of that, about the other changes possibly required in the Competition Act and then finally about the kind of underlying principles that I think are at stake when we talk about changing the Competition Act.

Bill C-248 would amend section 96 of the Competition Act by stating the following:

For the purpose of subsection (1), gains in efficiency cannot offset the effects of a lessening or prevention of competition unless the majority of the benefits derived or to be derived from such gains in efficiency are being or are likely to be passed on to customers within a reasonable time in the form of lower prices.

In layman's terms, if there are big savings to be made in a merger that results in a essential monopoly, then the majority of those savings has to be passed on. In other words, it is a quid pro quo. If there is a monopoly, under the amendment the customer then gets a benefit. They cannot have their cake and eat it too. If there is a monopoly there has to be something in it for consumers.

Proposed subsection 96(5) states:

This section does not apply where, after the transaction has been completed, the merger or proposed merger, will result or is likely to result in the creation or strengthening of a dominant market position.

My understanding is that this was brought about because in July 1998 Superior Propane put forward a proposal to purchase ICG Propane from Petro-Canada. This gave Superior control of nearly 70% of the Canadian propane industry and the competition commissioner commenced his inquiry into the transaction in August of that same year. In December the commissioner applied to the tribunal for an interim order preventing completion of the transaction. He was concerned because he felt that the deal would hurt farmers, small businesses and ordinary consumers.

The tribunal rejected his application and the parties completed the transaction in December 1998. After the tribunal's ruling, the competition commissioner appealed the decision to the federal court. The court ruled that the competition tribunal "had incorrectly applied the efficiency defence", stating that the decision was in contradiction of the stated purpose of the act, that is, "to maintain and encourage competition".

The case is now back before the competition tribunal which will make a new decision next year. Meanwhile Superior has merged its operations with ICG. To sum it all up in a nutshell, one company bought another company, giving it a virtual monopoly in the Canadian propane industry. The argument is how far we will let that go before a monopoly threatens prices or undermines fair competition and, in many cases, undermines the livelihood of Canadians who are dependent on the propane industry.

The Competition Tribunal of Canada allowed this act to take place and supported it. The argument it used is that the merger would save Superior \$29 million over 10 years. In other words, the tribunal said yes, it was concerned about the monopoly but the savings were so significant that it was worth putting up with the monopoly.

• (1800)

The problem with the original ruling is that it was very precedent setting. It allowed or would have allowed a monopoly or virtual monopoly in the marketplace, so we were just supposed to hope against hope, I guess, that consumers would not pay a price for it down the road.

Almost every time we see a monopoly or virtual monopoly in the marketplace, if not immediately but certainly down the road, the consumer pays. Monopolies are not good for the marketplace, they are not good for consumers and often they are not even good for business.

I only have to point out the example of Air Canada. I do not know if Air Canada got what it wanted, but when it got a virtual monopoly in the air travel industry that did not actually help it. It certainly did not help consumers, nor did it serve the marketplace well. In the long run not only did we pay a lot for our tickets and see a reduction in service, but now we see that the company itself is going through tough times. A monopoly is no guarantee of efficiency. A bad business deal or a bad situation, especially when dealing in international markets, means businesses go under rather than become competitive.

I will summarize by saying that according to the tribunal, efficiency is not in and of itself enough of a reason to acknowledge or recognize a monopoly. After the ruling of the court, this is back again for a further ruling. We will see how this legislation goes, but I think we will end up having to wait for that further ruling before we see the legislation before us today go the extra mile and actually become law.

*Private Members' Business*

While we are talking about competition, it is interesting to me to see that the recent report by the OECD points out that we do have problems in Canada with the Competition Bureau and tribunals in regard to how this is handled. It is often a political football. It is often used by government to either shirk its responsibilities or fob them off on someone else. It was pointed out by the OECD that occasionally the government turns a blind eye to monopolies, hoping that they are in the national interest. However, they are seldom in the national interest and seldom, if ever, in the consumer's interest, and I would argue it is not in the interest of the marketplace generally.

The marketplace is not well served by monopolies. No matter how much money monopolies think they are saving in the initial pass, in the long run the consumer will pay and our national competitiveness takes a blow.

Again, because we are now dealing in an international marketplace, it is pretty hard for us to go to another country when we have our own nice little Canadian monopolies and tell that other country that its monopolies are bad. Increasingly we will see the Competition Act and other bilateral agreements forcing Canada to be as concerned about our monopolies as we are about those of other countries.

In other words, it is like a free trade agreement. We will not be able to say that one monopoly is good for our one little part of the rock but another monopoly across the border is a bad one. We will have to say that when the marketplace is competitive it is competitive for all of us, not just when we think it is a good thing for our little industry or our part of the rock.

In conclusion I will summarize by saying that there are conflicting principles at stake. One is the free enterprise principle, that is, we should encourage free enterprise. That is a sound principle and I hope all of us in the House understand the need for it. Second, however, there is a role for the government to ensure that monopolies do not take place and that unfair practices are not foisted on consumers. When that happens, the government has a role to play to ensure that competition exists and that true free enterprise can take place.

The last thing, and the one concern I have with the bill, is that when we encourage companies to be as efficient as possible they do not realize any savings from being efficient.

●(1805)

In other words, we have to trade off the idea of "monopolies are bad". On the other hand, when we create efficiencies, it is because companies are trying to save money. We have to allow them to save money and to be efficient, but we have to do it in an atmosphere that does not allow monopolies.

That is why the bill should go to committee for further study. The principles are sound. I hope that we can support it, at least at second reading, to see if we can integrate it into the Competition Act.

**Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.):** Mr. Speaker, I have thrown my speech away. I want to support the member. Bill C-248 is a necessary bill and the member's speech laid out the detail.

We just heard about the Superior Propone case in layman's terms, as well as the technical language. It is absolutely astounding that in that case, the tribunal said that although it found the merger was likely to prevent competition in Atlantic Canada and lessen competition substantially in many local markets and for national accounts customers, the respondents successfully demonstrated their efficiency defence.

This is precisely why the bill is here. That decision is being appealed because it was a bad decision and there was not the clarification within the Competition Act. That is exactly what Bill C-248 would do.

The bill would bring clarification to the act so that we do not get decisions which contradict the stated purpose of the Competition Act itself, which starts on page 1. I do not have to read it. I think we understand.

In the last few seconds, let me simply compliment the member for Pickering—Ajax—Uxbridge for taking a lead role. I do not think there is any member in this place who has been so comprehensively active in Competition Act issues and has led the House, whether it be gasoline prices, taxation, et cetera. We owe the member our thanks and gratitude for this, for taking it on as one area of many and leading us to a very important bill, Bill C-248, to provide clarification. My congratulations to the member.

[*Translation*]

**The Acting Speaker (Mr. Bélair):** The hour provided for the consideration of private members' business has now expired and the order is dropped to the bottom of the order of precedence on the order paper.

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

●(1810)

AIRLINE SAFETY

**Mr. Yvon Godin (Acadie—Bathurst, NDP):** Mr. Speaker, I am pleased to speak tonight to deal with a question I asked the transport minister on September 27, 2001.

I was talking about airport safety and all that is being done in airports by the government and security firms.

The disappointing thing is that the official languages commissioner, in her report, has said that, three years from now, airports that have been privatized will no longer come under the Official Languages Act.

The French speaking minority communities in Canada will certainly be affected by this.

I was also disappointed to learn what my predecessor, Doug Young, did when he was transport minister, in 1993. I have not always been surprised by his actions, but after so many years, I look back and I say that his privatization of airports made it possible for the government to get out of its obligation to ensure that services are provided in both official languages. It is a disgrace.

*Private Members' Business*

It is a disgrace that in 2001, we still need to talk about this in Canada. It is a disgrace that we have to fight, in the Standing Joint Committee on Official Languages, to get Air Canada, which is subject to the Official Languages Act, to respect both official languages in our country on airplanes. Now, we are being told that airports will no longer be subject to the Official Languages Act, which is a slap in the face.

In the Liberal Speech from the Throne, last year, the government said that it would take the issue of official languages very seriously, and that it would undertake the required efforts to ensure that they are respected in Canada.

These same Liberals sold off our airports to the private sector and included a clause in the contract whereby the airports would no longer be subject to the act in ten years' time. This took place in 1993. That means that in 2003, they can say, "it is not our problem".

I asked the question to the transport minister, and I was pleased with his response. However, tonight I would like to hear the follow up to his answer, when he said:

I accept the advice of the hon. member and I am prepared to discuss this issue with my officials.

He even said that he was ready to introduce a bill.

I am anxious to hear from the parliamentary secretary, to know if he can clarify at all what the transport minister said, because it is very important that there be no difference in the use of the two official languages. Both languages must be respected in our country.

**Mr. André Harvey (Parliamentary Secretary to the Minister of Transport, Lib.):** Mr. Speaker, I will begin by thanking my colleague from Acadie—Bathurst, who always defends with such passion the interests of fellow citizens in his entire region. Sometimes the causes he defends are even national in stature. I congratulate him for all the interest he has shown in important issues.

As far as the application of the Official Languages Act is concerned, I believe the hon. member is clearly differentiating this. It is obvious that full application of the Official Languages Act applies to the national airport system.

Application of the Official Languages Act therefore covers 95% or 96% of all Canadian air traffic. This does not necessarily solve the problem of the portion of the issue the hon. member has focused on: defending the value of respecting official languages. Even if we do not have complete jurisdiction over privately managed airports, I still want to point out to the hon. member that a review of the Canada Airports Act is under way. It will maintain application of the Official Languages Act in all of the national airport system.

With regard to airports that are not covered by the national airport system concept, it is important to point out that they are governed by the market. I fully realize that this is not enough. Measures are required, not necessarily coercive measures, but significant incentives.

While this may cover 1.5% or 2% of the overall traffic, I do not know if there is a particular problem at the Bathurst airport as I do not have a detailed knowledge of all regional airports, or even national airports, but all the measures taken and the report of the Commissioner of Official Languages also bear fruit. Through the

measures that were put in place, managers developed an awareness of and a respect for official languages. Even if the Official Languages Act cannot be fully implemented in these sectors, the measures include an increased awareness by airport operators of the requirements in that regard.

Improving the government's monitoring efforts is also important.

Let me also say that the appointment of the Minister of Intergovernmental Affairs to deal with the issue of official languages will be a major asset in achieving the anticipated success in the future.

I think that the introduction of a protocol to codify the process for handling official languages complaints is an interesting guarantee, not necessarily a guarantee of perfection but an interesting guarantee for the attainment of an objective that is very important not just to the member for Acadie—Bathurst but for all members of the House, particularly the French-Canadian members who have an interest in seeing their language fully respected in all Canadian airports.

I repeat that there is full respect in national airports throughout the national system. Additional measures to ensure respect for both official languages throughout the system are, I believe, beginning to bear fruit and are in fact bearing fruit.

Transport Canada is working with the Minister of Transport and all stakeholders. I think we can be optimistic that the results will be interesting, but we are not there yet.

I wish to thank the member for his diligence on this issue. I think it is my role, as parliamentary secretary, but also as a French-Canadian, to defend interests having to do with the respect of the official languages, even in those sectors where full respect is not automatic.

• (1815)

**Mr. Yvon Godin:** Mr. Speaker, I thank my colleague the parliamentary secretary for his kind remarks on the matters of concern to me.

Unfortunately, I must say that I do not agree with his remarks and I will tell him why. The government has a number of responsibilities including passing legislation. These airports used to belong to the federal government. The government changed its mind and decided to privatize them. Now it is pulling a fast one on us. How? By failing to comply with the Official Languages Act.

When the government opened the door to the privatization of Air Canada, it included a clause to the effect that Air Canada would be subject to the Official Languages Act. This was needed.

The contract signed with the private sector provides that this company must comply with the Official Languages Act for ten years. Why not make it forever? This is what we need in Canada.

I would point out that it applies not just to francophones but to anglophones who visit the Gaspé or Kapuskasing or Hearst. It exists to ensure respect for both official languages, English and French, in Canada.

*Private Members' Business*

I want the minister to work to change the law and guarantee that the Official Languages Act will be accepted and applied throughout Canada.

• (1820)

**Mr. André Harvey:** Mr. Speaker, I can assure the hon. member that we are going to be following very carefully everything to do with respect of official languages, both in the national airport system and in airports not automatically covered by the Official Languages Act.

We will do this in co-operation with the federal Minister of Transport as well as with the Minister of Intergovernmental Affairs, whose responsibility it is to keep very close tabs on the respect of official languages.

I am certain that we will see progress in respect of the official languages and, ultimately, we will see whether that progress has been significant. If not, I am sure that the government will assume its responsibilities and take whatever action is required to ensure full respect of official languages.

**The Acting Speaker (Mr. Bélair):** The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.21 p.m.)

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