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Tuesday, October 22, 2002

—

Speaker: The Honourable Peter Milliken

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HOUSE OF COMMONS

Tuesday, October 22, 2002

The House met at 10 a.m.

Prayers

•(1000)

[English]

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

The Speaker: I have the honour to lay upon the table, pursuant to subsection 23(3) of the Auditor General Act, the report of the Commissioner of the Environment and Sustainable Development to the House of Commons for the year 2002.

[Translation]

This report is deemed permanently referred to the Standing Committee on Environment and Sustainable Development.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 56.1 I move that the first report of the Standing Committee on Procedure and House Affairs be concurred in.

The Speaker: Will those members who object to the motion please rise in their places.

And more than 25 members having risen:

The Speaker: The motion is deemed to have been withdrawn.
(Motion withdrawn)

* * *

PETITIONS

STEM CELL RESEARCH

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have the pleasure to present two petitions today. The first petition is on the issue of stem cell research.

Petitioners from my riding of Mississauga South and across Canada would like to draw to the attention of the House that

Canadians support ethical stem cell research which already has shown encouraging potential for cures and therapies. They also point out that non-embryonic stem cells, also known as adult stem cells, have shown significant progress without the immune rejection or ethical problems associated with embryonic stem cells.

The petitioners therefore call upon Parliament to focus its legislative support on adult stem cell research to find the cures and therapies necessary for Canadians.

•(1005)

FETAL ALCOHOL SYNDROME

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the second petition has to do with fetal alcohol syndrome.

The petitioners, again from Mississauga South and across Canada, would like to draw to the attention of the House that fetal alcohol syndrome and other alcohol related birth defects are 100% preventable. They also would like to point out that consumption of alcohol does pose a risk to pregnant women.

The petitioners would therefore like to petition Parliament to mandate health warning labels on the containers of alcoholic beverages to caution expectant mothers and others of the risks associated with alcohol consumption.

[Translation]

INUIT COMMUNITY OF NUNAVIK

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, I would like to table a petition signed by residents of Akulivik, a municipality of Nunavik, which is addressed to the federal government and concerns one of its departments, which ordered the killing of Inuit sled dogs from 1950 to 1969.

The federal government adopted a policy in support of these killings, and did not hold public consultations with the Inuit communities of New Quebec. Consequently, we are asking for a public inquiry into the federal dog killing policy that was implemented in Nunavik.

Government Orders

[English]

CHILD PORNOGRAPHY

Mr. Chuck Cadman (Surrey North, Canadian Alliance): Mr. Speaker, pursuant to Standing Order 36 I have the pleasure to present a petition containing the names of 1,030 residents of the lower mainland of British Columbia. These folks are concerned about the issue of child pornography and call upon Parliament to protect our children by taking all necessary steps to ensure that all materials that promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Mr. Speaker, pursuant to Standing Order 36 I would like to table five petitions containing 675 signatures from constituents in my riding of Prince George—Peace River.

The petitioners find child pornography to be deplorable and call upon Parliament to take all necessary steps to outlaw all forms of child pornography in Canada. The clear majority of Canadians condemn child pornography and support definitive legislation that will effectively remove the problem from our society.

I note that Focus on the Family is in Ottawa today to continue its campaign to stamp out child pornography in our country and I support its initiatives.

STEM CELL RESEARCH

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, I have two separate petitions here today.

Pursuant to Standing Order 36 I would like to table the first petition with 30 names on it calling upon Parliament to focus its legislative support on adult stem cell research to find the cures and therapies necessary to treat the illness and diseases of suffering Canadians. These people are concerned about the use of embryonic stem cell research.

CHILD PORNOGRAPHY

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, I have six petitions containing 1,499 signatures. Constituents in my riding have worked very hard over the summer to collect these names. They call upon Parliament to protect our children by taking all necessary steps to ensure that all materials that promote or glorify pedophilia or sado-masochistic activities involving children are outlawed.

During this week when the child pornography issue is being highlighted here in Ottawa and across Canada, this is an ideal time to table these petitions, and I support the petition wholeheartedly.

The Deputy Speaker: Before we continue with petitions, I just want to remind the House that it is contrary to our rules to either associate or dissociate ourselves with petitions.

CHILD PORNOGRAPHY

Mr. John Duncan (Vancouver Island North, Canadian Alliance): Mr. Speaker, I have two petitions signed by over 350 individuals from my riding of Vancouver Island North.

The petitioners are asking Parliament to ensure that all necessary steps are taken to protect our children from any material promoting child pornography, to make it clear that any such exploitation of

children will be met with swift punishment and that all necessary steps will be taken to outlaw such material.

● (1010)

STEM CELL RESEARCH

Mr. Jim Pankiw (Saskatoon—Humboldt, Ind.): Mr. Speaker, I have a petition here from Robert Hook and others in Saskatoon.

The petitioners request that Parliament focus legislative support on adult stem cell research to find cures for serious debilitating diseases.

Mr. Clifford Lincoln: Mr. Speaker, I rise on a point of order. I arrived a few minutes late and I apologize. I missed the call for introduction of private members' bills and the tabling of reports from parliamentary delegations. I would like to ask the consent of the House to introduce them very briefly. I have two private members' bills and a delegation report.

The Deputy Speaker: Is there unanimous consent to revert to reports and private members' business?

Some hon. members: Agreed.

Some hon. members: No.

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

CANADA PENSION PLAN

Hon. Claude Drouin (for the Minister of Finance) moved that Bill C-3, an act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act, be read the second time and referred to a committee.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I am pleased to present Bill C-3 for second reading in the House today.

Bill C-3 would amend the Canada pension plan, CPP, and the Canada Pension Plan Investment Board, CPPIB, Act in order to accomplish a prudent and accelerated transfer of CPP assets to the CPPIB. This transfer would represent the final step in the process of transferring CPP assets not required to pay current pensions and benefits to a market based independent investment organization. Before discussing the bill, I would like to take a few minutes to provide some background that will help to put these measures in context.

Government Orders

As hon. members know, the federal government is fully committed to making Canada's retirement income system secure to all Canadians. Today Canadians from all walks of life take this system for granted without realizing that it did not always exist. Years ago caring for older citizens and those with disabilities was solely the responsibility of individual families. With the introduction of the Income Tax Act in 1917, the federal government was able to adopt national social programs such as Canada's first old age pension in 1927, which at that time included a means test.

Following the second world war other programs such as employment insurance, family allowance and a universal old age security program were introduced. There was also a need for a public pension plan, a portable national pension, that could be carried from job to job and from province to province. This need was met in 1966 with the introduction of the Canada pension plan, a compulsory earnings based national plan to which all working Canadians could contribute.

The CPP provides wage earners with retirement income and financial assistance to their families in the event of death or disability. Set up jointly by the federal and provincial governments, the CPP was designed to complement, not replace, personal savings and private employment pension plans. It should be noted that Quebec administers its own complementary plan, the Quebec pension plan.

As hon. members know, the Canada pension plan is one of three supporting pillars of Canada's retirement income system. This system is a blend of public and private pension provisions and is considered internationally as one of the most effective ways to provide for retirement income needs.

The first pillar is our old age security program provides public pensions for senior citizens and ensures all Canadians a basic income in retirement.

The second pillar is the Canada pension plan, the focus of today's debate.

The third pillar, the private component of the system, includes tax assisted fully funded employer sponsored pension plans, registered retirement savings plans and other private savings.

Some 30 years after the Canada pension plan was launched concerns were raised about its sustainability. In the early 1990s the Chief Actuary of Canada warned that CPP assets, the equivalent of two years of benefits, would be depleted by 2015 and that contribution rates would have to increase to more than 14% by 2030 if the plan remained exactly as it was. These concerns needed to be addressed. After all, future generations of Canadians, including our children and grandchildren, needed assurance that the plan would be there for them at a reasonable cost.

As the plan's joint stewards the federal and provincial governments subsequently released a document entitled "An Information Paper for Consultations on the Canada Pension Plan" which outlined the challenges facing CPP in the coming years and options for reform.

In February 1996 the federal and provincial governments announced that joint cross country public consultations with

Canadians would be held on the Canada pension plan to find out what ordinary citizens wanted to see done. Guided by panels of federal, provincial and territorial elected representatives, extensive consultations were held in every province and territory. Governments heard from actuaries, pension experts, social planning groups, chambers of commerce, seniors groups, youth organizations and many concerned individuals.

● (1015)

A common theme emerged during the consultations. It became clear that Canadians wanted the government to preserve the Canada pension plan by strengthening its financing, improving its investment practices and moderating the growth costs of benefits.

In 1997 the federal and provincial governments adopted a balanced approach to CPP reform so that the plan could meet the demand of the coming years when the baby boomers would be retiring.

Changes to the plan included limited changes to benefits and their administration, a moderate increase in CPP contribution rates and the building up of a larger asset pool while baby boomers were still in the workforce. The asset pool would be invested in the markets and managed at arm's length from government for the best possible rates of return. All together these measures ensured that a contribution rate of 9.9% would be sufficient to maintain sustainability of the plan indefinitely.

These reforms, which were endorsed by the provincial and federal finance ministers five years ago, will help ensure that Canadians have a pension plan on which they can always depend.

In the three actuarial reports since the reforms, the chief actuary has confirmed the long term viability and financial sustainability of the CPP.

A new market investment policy to be implemented by an independent organization, known as the Canada Pension Plan Investment Board, was a key element of CPP reform. The CPPIB was set up in 1998 and began operations the following year.

Before the CPPIB was established, the CPP investment policy dictated that all funds not immediately required to pay benefits and administrative costs had to be invested in provincial government bonds at the federal government's investment rate. This represented an undiversified portfolio of securities and an interest rate subsidy to the provinces.

The creation of the CPPIB, with a mandate to invest in the best interests of CPP contributors and beneficiaries and to maximize investment returns without undue risk of loss, meant that CPP could be partially funded, in contrast to the 1966 "pay as you go" CPP. The CPPIB reflects a fundamental policy change with respect to investment CPP funds.

The CPP funds that are not needed to pay benefits and expenses are transferred to the CPPIB and prudently invested in a diversified portfolio of market securities in the best interests of contributors and beneficiaries. Certain CPP assets will remain with the federal government and are the focus of Bill C-3 which I will discuss in a moment.

Government Orders

Before doing so, I want to point out that the CPPIB functions within an investment policy framework that is similar to other large public pension plans in Canada, such as the Ontario Teachers' Pension Plan and the Ontario Municipal Employees' Retirement System, OMERS.

For example, it operates under similar investment rules which require the prudent management of pension plan assets in the interests of plan contributors and beneficiaries and is free to hire its own independent professional managers. The Canada Pension Plan Investment Board is subject to the foreign property rule like other pension funds.

I would like to make a few additional comments about the CPPIB and how it functions before discussing the bill.

It is important to understand that the governance framework of the CPPIB was designed to ensure full transparency and accountability. Because the CPPIB operates at arm's length from governments and is responsible for billions of dollars of retirement funds belonging to CPP contributors and beneficiaries, it is imperative that the board be fully accountable to the public and governments. CPPIB funds are managed prudently to the highest professional standards, with qualified managers making investment decisions.

● (1020)

Let me assure the House that the CPP Investment Board is fully accountable to CPP plan members and federal and provincial governments. It keeps Canadians well informed of its policy operations and investments in a number of ways.

First, the CPPIB makes its investment policies and financial results public. Second, it releases quarterly financial statements. Third, the CPPIB publishes an annual report that is tabled in Parliament. Fourth, the board holds regular public meetings in each participating province at least every two years to allow public discussions and input. Fifth, the CPPIB maintains a very informative website.

Full accountability is also assured through a robust process, with strong checks and balances, that is in place for identifying and appointing CPPIB directors. Great care was taken in structuring the CPPIB to ensure that its board of directors was independent and accountable to CPP contributors and beneficiaries.

Following consultations with the ministers of finance in the participating provinces, the federal government appoints directors with high qualifications. The Minister of Finance also consults with provincial ministers of finance and with the board of directors on the appointment of the chair of the CPPIB.

Directors are chosen from a list of qualified candidates recommended by a joint federal-provincial nominating committee which is comprised of one representative from each of the nine participating provinces. The criteria used by the nominating committee to identify potential candidates for director have been made public. In addition, in making appointments to the board of directors, consideration is given to ensuring that a sufficient number of directors have proven financial ability or relevant work experience to ensure that the CPPIB carries out its objectives. As a result, individuals who sit as directors have extensive business, financial and investment expertise.

I am pleased to say that the independence and quality of the CPPIB of directors has received strong support from public and pension management experts.

Independence from government in making investment decisions is critical to the CPPIB success and public confidence in the CPP investment policy. This is of the utmost importance because the money that the CPPIB invests today, and the higher returns earned, will be used by the CPP to help pay the pensions of working Canadians who will begin retiring 20 years from now.

Let me turn now to the measures we are debating today.

Through Bill C-3, the federal and provincial governments are implementing the final steps of CPP reform launched in 1997. All CPP assets remaining with the federal government would be transferred to the CPPIB over a three-year period. These assets include a cash reserve and a large portfolio of mostly provincial government bonds. These asset transfers will represent the last steps of the path established by the federal-provincial governments in 1997 to invest in CPP assets not immediately required to pay benefits in the market by an independent professional investment board.

There are several advantages to putting all CPP assets under one independent, professional organization.

To begin, consolidating all assets under one organization will put CPP on the same footing as other major public pension plans, thereby providing fund managers with the flexibility to determine the best asset mix and investment strategies to manage risks and optimize returns for all CPP assets.

Analysis undertaken by the chief actuary of Canada indicate that CPP assets fully invested in the market would be expected to earn a greater return and thereby grow more rapidly for the benefit of present and future CPP contributors.

● (1025)

The benefit of the transfer of assets under Bill C-3 is very significant. Based on the financial projections in the chief actuary's 19th report, CPP assets would increase by approximately \$85 billion over the next 50 years and by \$72 billion in 2050.

Obviously this welcome result would add considerably to the soundness of the Canada pension plan and enhance the confidence of Canadians in their public pension plan. In addition, transferring the CPP bond portfolio to the CPP investment board over three years would provide for a smooth transition for capital markets, provincial borrowing programs and CPPIB.

Finally, all changes in the CPP and CPPIB legislation would require the approval of the provinces. I am happy to report to the House that provincial and territorial governments unanimously support these changes. This is important. Also, before the new legislation comes into force the provinces would need to formally approve the changes.

Bill C-3 essentially completes the process that the federal and provincial governments began in 1997 of investing CPP assets in the market by an independent professional investment board.

Government Orders

The end result of this move for the Canada pension plan would be increased performance, better diversification, and enhanced risk management of the entire CPP portfolio.

I wish to remind the House that during the 1997 public consultations on CPP reform, Canadians told their governments to fix CPP and to fix it right. Canadians also told their governments to preserve the CPP by strengthening its financing, improving its investment practices and moderating the growth costs of benefits. The provincial and federal governments have addressed these requests.

I should mention that the transfer of CPP assets to the CPPIB would have no impact on the Quebec pension plan which is administered separately from CPP.

The establishment of the Canada pension plan in 1966 was one of the most important public policy initiatives ever undertaken in the country. The plan reflects a national belief that retirement for working Canadians should not be a time for hardship. It also captures the Canadian value of shared responsibility among contributors and governments to provide reliable support to wage earning Canadians after they cease active work.

Ours is a government with a conscience. Together with the 1997 reforms the measures in the bill would ensure that the Canada pension plan remains on sound financial footing for future generations. With the transfer of all CPP assets to the CPP investment board Canadians can now feel secure that prudent, sound investment diversification, as well as increased performance would result.

I urge all hon. members to support the passage of this legislation without delay.

• (1030)

Mr. Clifford Lincoln: Mr. Speaker, I rise on a point of order. I have spoken to members of all parties and I think you would find consent to revert to the routine order of business, but strictly and solely for the purpose of introducing two private members' bills which I will not read. All I will say is that one refers to chemical pesticides and the other to automotive fuels.

The Deputy Speaker: Does the hon. member for Lac-Saint-Louis have unanimous consent of the House to revert to routine proceedings?

Some hon. members: Agreed

ROUTINE PROCEEDINGS

[English]

AUTOMOTIVE POLLUTION REDUCTION ACT

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.) moved for leave to introduce Bill C-235, an act to protect human health and the environment by oxygenating automotive fuels.

He said: Mr. Speaker, I will not describe the bill. I will leave the members to read it at their leisure. The bill refers to the subject you have already referred to and I will leave it at that.

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

CHEMICAL PESTICIDE USE FOR NON-ESSENTIAL PURPOSES PROHIBITION ACT

Mr. Clifford Lincoln (Lac-Saint-Louis, Lib.) moved for leave to introduce Bill C-236, an act to prohibit the use of chemical pesticides for non-essential purposes

He said: Mr. Speaker, I thank the members of the House for allowing me to introduce this bill which refers to the use of chemical pesticides and I will leave it to them to read it on their own time.

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

GOVERNMENT ORDERS

[English]

CANADA PENSION PLAN

The House resumed consideration of the motion that Bill C-3, an act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act, be read the second time and referred to a committee.

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, I am rising today to respond to government Bill C-3, formerly Bill C-58, an act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act. The bill is being introduced at second reading because it was introduced, died on the order paper and has been reintroduced in this Parliament.

The bill's functions, as stated by the government, are to achieve the following four goals: first, it would permit the transfer of money from the Canada pension plan account to the Canada pension plan investment board; second, it would permit the transfer of assets held by the finance minister to the account for technical reasons; third, it would apply to the Canada pension plan fund, the 30% foreign content limit that applies to registered retirement savings plans and also to employer and union sponsored pension plans in Canada; and fourth, it would deal with assorted housekeeping and technical amendments.

As presented by the parliamentary secretary, he suggests there is an overriding theme of providing greater security to Canadian seniors. I would contest that. The bill is merely another stage in a long progression of pension legislation and pension proposals put forward by the government and more particularly by the former finance minister now running for the Liberal leadership. It is designed to dip into the assets of Canada's pension system, whether they be the assets of the Canada pension plan, the non-secured and promised assets of old age security or the private moneys that have been set aside in RRSPs and in union and company sponsored pension plans. It would use those assets for purposes other than guaranteeing the retirement incomes of Canadians. I will demonstrate that in the course of my speech.

Government Orders

This theme goes back to the very beginning of the government, right back to the time when the former finance minister, the member for LaSalle—Émard, became finance minister and proceeded to look at how he could deal at the time with the government's debt crisis. I would like to show what he did to get his hands on these assets for purposes other than guaranteeing the best possible retirement incomes for Canadian seniors. I will point out that there have been three steps in this process. This particular piece of legislation, Bill C-3, represents the third step in this three stage process.

First, in 1994-95, early in his tenure, the then finance minister floated a series of trial balloons. Canada faced a tremendous potential shortfall in its ability to raise revenues, an enormous debt crisis. We faced an enormous deficit at the time. The minister tried to find ways of raising such revenues, including a number of problems before him at that time, through clawing back pensions and dipping into pension funds.

One example is an article in the *Financial Post* on December 31, 1994, which recorded how this was a trial balloon being floated, as these things often are, through an exclusive to one newspaper. It recorded how the government would try to place a capital tax on firms through which RRSP investments were made. RRSPs have to be invested through a bank, a trust company or an institution of that sort. The idea was that a capital tax would be placed on these firms based on the amounts invested in or through those firms. It would have been presented as a tax on corporations as the public relations spin, but in reality it would have been a tax on the capital placed in registered retirement savings plans.

That did not sell very well. It was withdrawn and the finance minister, the member for LaSalle—Émard, floated another trial balloon in early December of that year, which also did not work out very well, but he was trying. He proposed a 1% direct capital tax on RRSPs every year. This would have caused average Canadians to pay a total of \$4,141 extra over their lifetime in taxes on RRSPs with no benefit at the end of that process to reflect the cost that had gone in.

Of course, the cost to the average Canadian would have been much higher because as that money was taken out it lost its capacity to earn interest or be sheltered from income tax. The result would have been that the average benefit to the average Canadian of this tax on RRSPs would have been a loss in RRSP retirement income of 36% in order to get that 1% capital tax for the purpose of dealing with the government's short term financial goals.

• (1035)

A second trial balloon which was put out and which was successfully implemented was a proposal to roll back the age at which RRSPs are rolled over into RRIFs, or Registered Retirement Income Funds, from age 71 to age 69. I will not go into the arguments that were presented by the former finance minister in favour of that particular proposal. I will simply point out that it is exactly the wrong measure to take, given that the average lifespan is expanding and therefore there is a greater long term need for that pension income.

What should be happening is that the age at which money is required to be rolled over should increase as the average lifespan and therefore the average retirement age increases. This hurts all

Canadian seniors, particularly female seniors because women live substantially longer than men and therefore can expect to have a retirement that is on average 30% to 50% longer than their husbands or than male Canadians. This means that this measure directly and specifically focussed the impact of the government's short term financial needs and placed it on the shoulders of elderly females who, incidentally, are one of the highest poverty groups in the entire country.

The second prong of this three-pronged approach to get those pension assets for the government's own goals and diverting those funds from the only long term goal that should matter, which is increasing and maximizing the pension incomes of Canadian seniors, took place in an attack the former minister of finance launched in the mid-1990s on old age security.

Many people are aware of the fact that the Canada pension plan has not been properly secured for the past few decades due to faults in its original design. However, the old age security system, the old age pension, guaranteed income supplement and so on, have no security whatsoever. These problems, which are not accounted for in the same way as the Canada pension plan, attract less publicity. This is a huge problem the government has not dealt with. However it did raise the issue in, I believe, 1996. Its approach at the time was to replace old age security with something called the seniors benefit. This would have solved the problem of the lack of financing for the old age security system by essentially raising the height of the clawback on seniors pensions. This would have had the effect of raising the clawback when one took into account all forms of pension income, as high in some cases as 90%.

The goal of the proposed bill at that time seemed pretty clear to a number of groups, including my own party and the Canadian Association of Retired Persons, and we fought very vigorously against it and it was withdrawn. That was the second prong of the approach. It would have captured billions of dollars for the federal government but it would have substantially reduced the incomes of perhaps most Canadian seniors.

The third attempt to divert funds away from the sole goal of increasing the pension income of Canadian seniors is the government's attack on the Canada pension plan. This process, of which Bill C-3 is part, started in 1997 with a bill that was moved by the former minister of finance and the current candidate for the leadership of the Liberal Party, which raised the payroll tax significantly and created the Canada Pension Plan Investment Board. This process is being completed today with this bill.

I want to spend a little bit of time talking about some of the problems that exist with this current legislation and will cause us to invest money based upon considerations other than producing the best possible return on investment, which should be and could be its sole goal if the government cared about making that its sole goal.

I will begin with the underlying philosophy of the former minister of finance which may explain why he chose this model for the legislation. I would emphasize that the bill we are discussing today is very much the product of the former finance minister. It is coming back unamended from the form that he proposed when he was still the minister of finance.

Government Orders

Going back to January 26, 1990, I would like to quote an article from the *Toronto Star* which says the following things about the minister of finance:

• (1040)

The Canada pension plan should be broken up, and its money used to set up regional funds to back promising businesses across the country, Liberal leadership candidate Paul Martin says.... Money now going to the Canada pension plan should be channelled into a chain of—

The Deputy Speaker: I want to remind members that we cannot name members, notwithstanding that it comes from a quote. We cannot do indirectly what we cannot do directly. If the member is from LaSalle—Émard, it should be the same as if it were coming from the member himself, and through a quote does not stand the rigour of the test here.

Mr. Scott Reid: Mr. Speaker, I will reprise that a little, taking into account what you just said.

The quote continues:

—Liberal leadership candidate...says...Money now going to the Canada pension plan should be channelled into a chain of regional funds across the country.”

The following is a direct quote from the former finance minister who was then, as now, a Liberal leadership candidate. He said:

Take the savings of Atlantic Canadians, kick-start it with federal government money and allow the money to back Nova Scotia entrepreneurs who are going to create jobs....

That indicates a willingness to use moneys in the Canada pension plan for the purpose of improving regional development. That goal does not maximize the pension incomes of Canadians or the return on investment of the Canada pension plan investment fund and that is a serious problem.

Let me continue with another citation from the former minister of finance. The next one is from September 26, 1997. This one is important because it indicates the direction in which he and the bill are planning to take this large pool of Canadian money. He said:

I have always been an apostle of the Caisse de dépôt and I think having a Canadian Caisse de dépôt to manage the savings of Canadians is very important.

The reference here is to the Caisse de dépôt et placement, the Quebec government pension plan that invests the tax money from Quebecers who, as I think many people here will know, are not actually participants in the Canada pension plan.

That statement was made by the former finance minister as he was setting up the board that we are now seeing put into place.

I want to talk a little about what is involved in using the Caisse de dépôt et placement model because in fact we do have a 30-year history of the Caisse de dépôt et placement carrying out investment activities on behalf of the citizens of Quebec and it is not a pretty picture.

I have another quote by Andrew Coyne taken from an article in the *National Post* speaking about the Caisse de dépôt et placement and the possibility of creating a pan-Canadian version of the Caisse de dépôt et placement. He said:

Is this what we really want: a mammoth, government run investment fund, with the money and the mandate to take controlling stakes in private firms, hire and fire directors, block takeovers and otherwise tilt the scales in the capital markets to suit the whims of the government of the day? Socialism by the back door? Is the Canadian Caisse, as [the former minister of finance] is already calling it, to be the

vehicle with the same mix of nationalism, dirigisme and plain-old cronyism for which the original is justly famous.

I believe that is a very good question.

There are no guarantees in the legislation of non-intervention on the part of the Canadian Caisse de dépôt in the Canadian economy. All we have right now are guarantees of goodwill on the part of the people who are running it, the people who are being appointed to the Canada Pension Investment Board.

Going through the commentary of the individuals who are currently on the board, I am somewhat encouraged, for the short term, by what has been said by current appointees. In particular, I am encouraged with John MacNaughton, one of the members of the board. I will quote from an interview that was reported in the *Financial Post* about two years ago when he was being appointed to the board. He was asked about some of the interventionist activities that the Canadian Pension Plan Investment Board might take. He said:

Unlike high-profile U.S. pension funds such as the California Public Employees' Retirement System, Mr. MacNaughton has no plans to be a crusader on corporate governance. For him, a solid board of directors is every company's best watchdog.

He does not believe in using the Canada pension plan investment funds for the purposes of gaining seats on boards and trying to get involved in direct corporate governance. However the very fact the question could have been asked of him indicates that that possibility exists.

• (1045)

I will quote further. Regarding the teachers' plan which was cited by the parliamentary secretary as being a model, I should mention that the teachers' plan in Ontario does get involved in corporate governance. In fact we have evidence right here in the House today that the government anticipates the possibility of this fund being used to get actively involved in corporate governance. We should remember that this is a model that varies from the sole goal of trying to achieve a maximum rate of return on the pension funds of Canadians. “Mr. MacNaughton”, states the article, “is adamant that the government will never be able use the” Canada pension plan investment fund “to support any industrial strategy”. As well, states the article, “Nor will he heed any government plea”, which means it could happen, “to restore calm if the stock market tumbles”. So I am reassured about Mr. MacNaughton's intentions. I am not, however, reassured about this legislation.

Here is one reason why. In an article in *The Financial Post* on July 17, 2000, we read that a number of people being appointed to the board have expressed this point of view, but the article points out that the investment board nevertheless “opens the door to demands that collective equity funds”, or in other words funds invested by the CPP, “be used for collective equity goals to meet ethical criteria, to stabilize the stock market or to develop an industrial strategy. And, if the politicians so desire, Mr. MacNaughton can be replaced.”

Government Orders

No sooner had Mr. MacNaughton made his comments with regard to the board and how he was going to avoid getting involved in the social goals than the New Democratic Party's finance critic was urging the then finance minister, current candidate for the leadership of the Liberal Party of Canada, to get involved in instructing the Canada Pension Plan Investment Board not to invest in companies that profited from human rights abuses or from threats to health. The former minister of finance, the hon. member for LaSalle—Émard and the current candidate for the leadership of the Liberal Party, said that in fact he would take these comments "quite seriously". In other words, he was willing to look at goals other than providing the maximum rate of return on investment and thereby maximizing the pension incomes of Canadians from the Canada pension plan.

This is a problem that has occurred elsewhere. I mentioned, of course, that the former minister of finance has repeatedly said that he is an enthusiast of the Caisse de dépôt. I would just like to show what happened in the Caisse de dépôt et placement when it was faced with a similar problem: a man leading the investment board for the Caisse de dépôt who believed in complete non-intervention, who believed in simply maximizing rates of return, and a government that had other goals. In doing this, I am quoting from a book called *Québec inc. et la tentation du dirigisme*, by Pierre Arbour, who was formerly involved in the administration of the Quebec Caisse de dépôt et placement. I will quote from what he says about an occurrence:

• (1050)

[*Translation*]

Things were not going so well on the board of the Caisse de dépôt. Eric Kierans, former head of the Montreal Stock Exchange, had been appointed to the board in October 1978. Unfortunately, he resigned in 1980 in an uproar upon learning that Jean Campeau had negotiated with the Department of Finance a loan to the Province of Quebec at a preferential rate, which placed the depositors to the caisse at a disadvantage while benefiting the Department of Finance.

Jean Campeau's behaviour was that of a former Deputy Minister of Finance rather than of the head of the caisse, and it deprived the caisse of an experienced administrator in the person of Eric Kierans, a man capable of standing up against such abuse.

[*English*]

It happened there and given the fact that there are no safeguards, it could happen here too. In my opinion, if the government takes seriously the goal of protecting the pension incomes of Canadian seniors, it will provide amendments to this law that prevent the kind of thing that happened in Quebec. I have not seen any interest by the government on this point. I hope that it will change its mind on this point and reject the legacy of the former finance minister who wants to use Canadian pension funds for purposes other than maximizing the retirement incomes of Canadian citizens.

Looking at the Caisse de dépôt model, the question that should be asked is what kind of results can we expect to get if we adopt this model federally? Looking at the 16th statutory actuarial report of the Chief Actuary of Canada, I find that from 1966 to 1995, the period that he was covering in that report, the average real yield after inflation on the Quebec pension plan account, which has always been invested in the manner that is now being proposed for the Canada pension plan, was a little under 4%. By comparison, the average of the largest private managed funds in Canada was just under 5%.

Compounded over several decades, these are enormous amounts of money and enormous losses to Quebec pensioners particularly when we take into account that, projecting into the future, the federal government is talking about investing amounts over \$100 billion. We are talking about enormous losses to Canadian pensioners and a permanent reduced standard of living if this level of performance is repeated.

In fact, I would go further. I would say that the federal government, and particularly the former minister of finance, the current leading candidate for the Liberal leadership, is fully aware this would be the result and moreover, has projected into the future this kind of result. In his initial proposals in 1997 he stated that the projected rate of return, the anticipated rate of return on the Canada pension plan investment fund would be 3.8%, that is to say even lower than the submarket rate of return achieved by the Caisse de dépôt et placement that he is using as his model. It is extraordinary that this could actually be considered seriously in the House, this appallingly unacceptable model.

I should also mention that this rate is projected ahead based on the use of a passive index. Using a passive North American rate of index gets a better return than using a passive domestic index, and using a passive domestic index of stocks and portfolios produces a better result than an active index. I am going to spend some time talking about this because this plan makes two further assumptions that I think will do a great deal of damage to the rate of return it will produce.

Looking again at the Quebec model, we see that the Caisse de dépôt et placement has been heavily invested on the basis of producing regional development goals, of promoting industrialization, of promoting social equity and so on, all of which have reduced the rate of return it has produced. It also was used during the last referendum period to help the government of Quebec shore up its short term credit so that in the event of a yes vote the government of Quebec would not have had to refinance its debt for a period of two years. That may be an intelligent strategy if one's goal is, as the goal of the government of Quebec then was, to have some other nobler, greater purpose than shoring up and protecting the pension incomes of the people that it is supposed to work with. However, I believe that no goal should interfere with the goal of trying to ensure that Canadians maximize their pension incomes.

Let us take the other side of this equation. What if there were a national unity crisis in the future? Could we count on the federal government not to try to use this money as the Quebec government did at the time to deal with its short term credit problems? What if the Canadian stock market went into a crisis? Could we count on the Canadian government not to pressure the Canada Pension Plan Investment Board to use that money to shore up the Canadian stock market at a cost to the investment income of seniors? We do not know. I think we should be able to know.

Government Orders

•(1055)

There are some limits on the way in which the Canada Pension Plan Investment Board invests money. The most obvious one is that it is not permitted to put more than 30% outside Canada. This is important because the Canadian economy represents 2% of the world economy. The vast majority of the funds in the Canada pension plan investment fund cannot be invested outside that 2% of the world economy. The obvious result is that we greatly increase the risk of sudden shocks. The wider that money is spread, the greater the insurance against such risks.

It also has the consequence of driving down the long term payouts from the fund. We know this because a number of prominent Canadian actuaries have looked at the moneys invested in RRSPs and in company and union sponsored pension plans and compared their results to the results that would have been achieved had they been invested on a global index. On average the results have been 5% lower per annum than they would have been had they been invested internationally.

One of the prominent pension experts is Keith Ambachtsheer. The following was said in the *Financial Post* about his research:

Ambachtsheer's research showed that the price of this limitation on diversification is a significant increase in risk to achieve the same return. In addition, he estimated a conservative balanced portfolio subject to the... limit [on foreign investments] earned approximately 1% less on average each year over the last 10 years than an unrestricted portfolio.

That is the kind of limitation we will be imposing on our national pool of pension investments. We increase the risk because we are all trapped in the same pool. All our eggs, or 70% of our eggs, are in one basket. We also reduce the rate of return. There are currency risks. There is the risk of the Canadian stock market. The market is very small and is highly dependent on certain sectors and is more likely to fall. There are also political risks.

In an article in the *Financial Post* on July 17, 2000, the author of the article asked the following question:

But suppose 15 years down the road the CPP Investment Board has \$100 billion or more tied up in the stock market and the market threatens to plunge 40%. Would Canadians be willing to have the investment board sit tight and see \$40 billion in collective pension assets go up in smoke?

That is a good question. It is the kind of question the legislation forces us to ask, but which we would not have to ask if the 30% cap on foreign investments were removed.

There are other problems. When we have a large player in a small market, and this would be a very large player in the Canadian market, the result is that the markets are affected by every action that player takes. In a small market a large player that purchases stock has the effect of driving the price of that stock upward just by its own actions. When it goes to sell that stock, it drives the price of that stock down, with the effect of causing itself to always pay a higher than market rate when it purchases and to always receive a lower than market rate for what it sells. The larger the player, the more that is true.

That is a problem for the California public employees retirement system, the largest private pension investor in the United States, which is the closest comparison we have in size to this. I want to read again from Pierre Arbour's book about what happens with the

California system and also what has happened with the Caisse de dépôt placement, which is a larger system than the California system in terms of its impact on the Canadian market. I will then take that implication and look forward to what would happen with the Canada pension plan investment fund under the proposed legislation. Mr. Arbour said:

•(1100)

[*Translation*]

Some may say that the size of the caisse is a handicap to performance, and this is particularly obvious if one compares its size to that of the Canadian or American economy. With the market value of its assets in excess of \$41 billion, it has an undue influence on the economy of Quebec. As a comparison, the biggest fund administrator in the United States is CalPERS, a parapublic body that invests the pension funds of California state employees. It has assets of \$160 billion US, but operates within the context of an economy that is 40 times greater than that of Quebec, 11 times greater than that of Canada as a whole.

[*English*]

The Caisse de dépôt et placement and the Quebec pension plan have invested in the Canadian economy as a whole, not just in Quebec, because of the problems they have faced with the overwhelming size of the Caisse de dépôt within Quebec's economy. That has to some degree mitigated this problem, although it is still a very severe problem and accounts for a substantial part of the low returns that the Caisse de dépôt has achieved.

The Canada pension plan investment fund, by being restricted to the Canadian market, would suffer the same problem that CALPERS suffers in the American market and that the Caisse de dépôt suffers in the Canadian market. It would suffer it to an even greater degree, thereby resulting in an even greater penalty every time it bought and every time it sold, and therefore an even lower rate of return.

Based on this consideration, the 3.8% rate of return proposed by the former minister of finance is in fact optimistic. It does not have to be optimistic and it would not be optimistic if there were realistic and practical goals that focused exclusively on producing the highest possible rate of return for Canadian seniors on pension moneys. However, because other goals have entered into it, and other technical impediments to achieving high rates of return, we see lower rates of return being virtually guaranteed.

All of this is still assuming a passive portfolio. What I mean by passive portfolio is a portfolio that simply purchases a basket of equities that mirrors the Canadian equities market. This is the approach that CALPERS uses in the United States. It simply purchases a basket of equities that more or less reflects the Wilshire 2500 Index of American stocks. That is as close as one can get to achieving an even portrait or cross-section of the American stock market.

Government Orders

The Caisse de dépôt has chosen to invest actively. That is to say, it makes active decisions to try to pick winners and losers. The results have not been very impressive. The Quebec pension plan, which again is the model that is going to be used for the Canada pension plan, is actively involved in for example, making decisions to purchase individual companies and then trying to operate those companies. Its record has been abysmal. It has tried to get involved in real estate deals. Its record has been abysmal and in some cases has been tinged with what would appear to be corruption. This is a real danger in Canada. I see no safeguards in this legislation that overcome the basic problems the Quebec pension fund and the Caisse de dépôt have suffered in this regard.

Just to make this point, I want to cite three losses in particular that occurred with the Caisse de dépôt. It is what Pierre Arbour refers to as the *perte totale due à l'interventionnisme*. His numbers are a little out of date but the Quebec government lost \$448 million in Steinberg-Socanav because it thought it could actively manage a private company. On Brascade it lost \$858 million, and on Domtar \$117.2 million. That is the record.

I know of no record, looking around the world, of government run pension funds that have successfully managed active portfolios, that have successfully produced satisfactory returns on investments from investing in private companies. The exception is where they have been involved actively in restricting trade, thereby forcing the population as a whole to use government services or the services of government owned companies in order to increase the returns on those companies. That is really a question of diverting wealth from other people into these funds. That is something we do not want to pursue.

It seems to me that all of this which I have gone through has not touched on perhaps the greatest question of all, which is the problem of potential political interference for partisan goals. This is a delicate subject and I do not doubt the good intentions in this regard of the former finance minister when he proposed the legislation. Nonetheless the record shows that there are individuals, including individuals who have sat in the House, including individuals who have served as ministers in the House over the years, who have not been free from the temptation to get involved in using public funds for private or political purposes.

• (1105)

There is a danger of having an enormous fund, which the government has put at arm's length but which is not politician proof, available when there are goals that could serve the purpose of either assisting the government to win extra votes in a certain region, or among people who work in a certain industry or that would increase its fundraising in a certain area.

The pension plan is meant to be around when I am retired and have been so for 20 years. Half a century from now, when these temptations are out there and when we project to the future, what assurance do I have that someone in the role of finance minister or a government did not have the temptation to take this money and use it for the purposes of regional development, or preserving national unity, or shoring up some aspect of the stock market, or industrial planning or for any other purpose that would have the effect of

driving down the rate of return below the 3.8% which has been promised, a rate which is in itself completely unacceptable.

In dealing with the Canada pension plan the only question that ought to concern us is that all Canadians are forced by law, if they work and if they participate in the workforce, to contribute to this plan. They are forced to contribute at a certain rate. They do not have the option of taking the money and putting it in some alternative plan. They are therefore completely dependent upon that plan. The only consideration that can weigh upon us is producing the best rate of return for those pensioners.

Frankly, the legislation in its current form fails to do that. It guarantees failure. It gives the promise of something far worse than mere failure, of disaster for all Canadians who depend on the pension plan and who have nowhere else to go if this system fails to produce satisfactory income for them.

When the people who are now in their thirties and forties retire, when they have been on the pension plan and depend on it as their primary source of income when they are in their seventies and eighties, which is now projected as 40 or 50 years down the pike, the former finance minister will be long gone. His term as Liberal leader will be over. He will not have to pay the consequences. They will have to bear the consequences of this malformed plan.

Bearing this in mind, it is incumbent upon all of us to do our duty, to take the law, to indicate that we reject it in its current form and to demand that it be rewritten so that Canadian seniors, both those who are seniors now and those who will be seniors in the future, will get the best possible rate of return on their investments and the best possible security for their retirement incomes. Nothing else is acceptable.

• (1110)

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, I am pleased to speak to Bill C-3, an act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act.

I am rather offended by the comments made by the member from the Canadian Alliance. He seems to despise one of the finest institutions that Quebec has created for its own growth. This can be clearly seen, it is creating jobs. The Caisse de dépôt du Québec has created the largest number of jobs; this has been confirmed by Statistics Canada data. It is largely responsible for the job creation and economic growth that we are now experiencing.

His comments demonstrate how little he knows Quebec's institutions, not to mention Quebecers themselves. If the Alliance hopes to make inroads in Quebec someday, it will not be with this type of statements, which basically insult all Quebecers who worked to set up these institutions.

I would like to provide some context on Bill C-3. First, the Canada Pension Plan Investment Board is closely modelled on the Quebec Caisse de dépôt et placement. It too has the mandate to achieve the best possible rate of return on the funds it receives from the Canada Pension Plan. Revenues generated through the investments will allow the CPP to pay Canadian workers their pensions.

Government Orders

The Canada Pension Plan Investment Board was established as a federal Crown corporation by an act of Parliament in December 1997 and made its first investment in March 1999. At that time, both the Bloc Québécois and the Caisse de dépôt supported the bill overall. As I said earlier, we have our own pension plan, the Régie des rentes, which is managed by the Caisse de dépôt.

To summarize, this bill would consolidate the management of all Canada Pension Plan assets through the board, which should help ensure the stability of the public pension plan. The changes outlined should allow for the management of the operating balance and the portfolio of bonds to be transferred to the Canada Pension Plan Investment Board.

This bill seems justified in order to complete the transfer of all pension funds assets to the board. Again, the federal government is copying one of Quebec's proudest achievements, namely the Caisse de dépôt et placement du Québec.

We certainly support this initiative. However, I have some reservations about the provisions of the bill dealing with the limitations on foreign assets. I think we need a more thorough analysis to understand all their impacts. We must not forget, however, that if the board becomes too active abroad, it will lose the role of wealth creator it plays within Canada's borders and indirectly, sometimes, in Quebec.

As I said, the position of the Bloc Québécois on this issue has not changed. As hon. members know, this bill was introduced during the first session and the government has now revived it. Our position since the last session has not changed. We support this government initiative and wish it as much success as the Caisse de dépôt et placement du Québec, created 36 years ago, has known to this day.

Once again, a model from Quebec that has left its mark has caught the attention of the House.

• (1115)

Like my colleague from Saint-Hyacinthe—Bagot before me, I would now like to draw a picture of the Caisse de dépôt et placement in order to inform hon. members of this House and Canadians about the positive things they could do with this major instrument which is the Pension Plan Investment Board.

For Quebeckers, the Caisse de dépôt et placement is somewhat the spearhead of their financial emancipation, as I already mentioned earlier. This is why I was stunned to hear the position of the Canadian Alliance. Again, it is as if they were putting Quebec down.

The Caisse de dépôt et placement helped Quebec become what it is today. We are happy that Canada is using it as a model and an instrument, as I said earlier, to support the assets of Canadians in a very positive way.

The nationalization of electricity, and the creation of the Régime des rentes and the Caisse de dépôt et placement to manage Quebeckers' savings, are probably the cornerstone of what we, Quebeckers, have become financially and economically in the last 36 years. And we are very proud of that, whatever our Canadian Alliance friends' views on the matter. The caisse is our cherished child; hands off. They think they can make a breakthrough in Quebec, but they will not win our support by turning their nose up at

our tools and the means we have devised to pull ourselves out of the rut, out of poverty.

I realize that many Canadians keep a prying eye on the Caisse de dépôt et placement because it has become a major force on Canada's financial scene. This scares many people, including the big financiers on Bay Street, who have done everything they could to try to weaken the Caisse de dépôt et placement since it was first created. This is something that is a bit visceral with Canadians and Canadian financiers, especially those in Toronto.

People are upset to see how much Quebeckers have saved over 36 years through the Caisse de dépôt et placement, how much wealth its decisions have created during that period, and what a formidable financial force the caisse, which started out with capital of \$1 million in 1966, has become. It is so formidable that it has become the 12th largest fund manager in North America. I will repeat for the Alliance members who may not have heard and for the last speaker: it has become the 12th largest fund manager in North America. It is the largest in Canada. Also, it ranks eighth in real estate holdings.

Of course, such success does not please everyone. I will remind the hon. members of sad events in our history, events such as the attempt in 1982 and the aborted attempt in 1983 to weaken the Caisse de dépôt et placement. But let us first review the rich history of the past 36 years.

The Caisse de dépôt et placement was created in the wake of the quiet revolution by one of the founders of this revolution, the main one, because he was then Premier of Quebec, Jean Lesage. In 1964, at the Quebec City conference, Mr. Lesage had a bit of a creative temper tantrum in reaction to Mr. Pearson's desire to impose a Canada-wide pension plan run by one manager, which of course was the federal government at the time. Quebec had already given thought to setting up a typically Quebec pension plan with just one caisse to manage these considerable savings.

• (1120)

I find it hard not to mention all those who laboured, both politically and technically, in the 1960s to build the Caisse de dépôt et placement. One of those involved was the late Michel Bélanger, who had been president of the Montreal Stock Exchange and a member of the Bélanger-Campeau commission. At the time, he was a senior government official and one of those who had come up with the idea of the Régie des rentes and the Caisse de dépôt et placement.

There were also Claude Castonguay, whom everyone knows, André Marier, Marcel Bélanger, Roland Giroux and Roland Parenteau.

There was also the first president, Claude Prieur, who started off in a little office in downtown Montreal, with very few means when he began as president of the Caisse de dépôt et placement du Québec.

Government Orders

I would like to quote Mario Pelletier, who wrote an excellent history of the Caisse de dépôt et placement du Québec. Mr. Pelletier wrote that, in January 1965, Claude Prieur, the first president of the Caisse de dépôt et placement du Québec, a manager with the powerful Sun Life company until then—he was a pretty sharp tack, as they say—moved in all alone into the decrepit office on McGill Street.

During the two months that went by before any income came in from the Régie des rentes, he was forced to take out loans in his own name, with no help whatsoever from the government, in order to set up what would later become the Caisse de dépôt, which now has \$133 billion in capital.

Today, the Caisse de dépôt does \$10 billion worth of transactions every working day. That was last year's average. Listen carefully, because this is important to highlight—and I am also mentioning it for the Canadian Alliance—we are talking about \$10 billion worth of transactions each working day.

Last year alone, the Caisse de dépôt et placement du Québec carried out \$2 trillion in transactions, or three times Canada's GDP.

I should point out that the term billion in English does not refer to the same thing as the term billion in French. We have thousands, millions, billions and, finally, trillions. In French, the term billions refers to a greater number than billions. So, there were \$2.5 trillion worth of transactions last year, which is three times Canada's GDP, or more than \$10 billion every working day. We are talking about the 12th largest manager of global assets in North America; it is the eighth largest in terms of real estate holdings. This is no small institution.

There is also another person who was involved in creating the Caisse de dépôt, whom I neglected to mention on purpose. It was Jacques Parizeau.

He worked very hard to make the Caisse de dépôt what it is today, an institution that has stood the test of time, with a few updates, mostly since the early 1990s, with respect to the Caisse de dépôt's international activities.

Mr. Parizeau was known at the time as a brilliant economist, recognized as such, a senior government official, a great builder of the Quebec state, and he would become, some years later, Quebec's finance minister, then premier.

Mr. Parizeau did not only contribute to making the Caisse de dépôt what it is today, being one of its main initiators. In fact, he played a key role in everything pertaining to the modernization and dynamism of Quebec's financial sector.

Mr. Parizeau drew from that experience with the Caisse de dépôt et placement and the Régie des rentes du Québec, the Quebec pension plan, and from his experience as finance minister at the time, to develop modern tools to move Quebec forward, to move the Quebec business sector forward, and to get the business people to move forward, since the business sector of the late 1960s was quite different from what it has become today.

●(1125)

Among other things, the creation of the Caisse de dépôt et placement marked the start of a move toward a greater participation of small investors in Quebec's economic and financial evolution. This goes back to the Parizeau commission on guaranteed investment funds, which means guaranteed deposits.

Mr. Parizeau initiated this commission, which created the Régie de l'assurance-dépôts, guaranteeing small investors would keep a portion of their deposits in financial institutions. The security of their investments was guaranteed. From 1967 on, that was a big help for small investors in Quebec, enabling them to take part in the economic and financial evolution of the country they love and cherish.

Mr. Parizeau was also the one behind the stock savings plan created in 1979. Once again, his goal was to get everyone involved in the economic and financial progress of Quebec. He was also at the origin of the modernization of the tools for monitoring and properly administering our securities, such as the Commission des valeurs mobilières du Québec and the Inspecteur général des institutions financières.

It is based on this experience with the Caisse de dépôt et placement, from the work done by the original stakeholders behind its creation to the addition of fundamental and democratic tools to democratize the financial sector, that the Caisse de dépôt et placement was built up over time. It has evolved over the years and contributed to the creation of various companies that have grown into major undertakings, such as Alcan, Hydro-Québec, and Bombardier. In this connection, let us keep in mind that the first government involvement was via the Caisse de dépôt et placement, with investments in Bombardier, Domtar, Vidéotron, Noranda and Canam Manac.

In 1985, the decision was made to focus more on small and medium size businesses that were the ones creating jobs in the regions. Investments were made in 63 companies, with an average performance of 30%. This is nothing to sneeze at, although my Canadian Alliance colleague looked down his nose somewhat at these figures, but for startup companies this is an extraordinary performance.

So much so that the Caisse de dépôt et placement became an incredible agent of the economic and financial development of Quebec and it was ranked tops among fund managers in Canada in the 2000 Reuters Survey, which Tempest carried out by contacting—not just anyone—but TSE 300 companies.

In the year 2000, the biggest companies in Canada considered—and this still holds true today—the Caisse de dépôt et placement du Québec, which is a source of pride for Quebecers, to be a vital tool that has played a cutting-edge role in the financial emancipation of the people of Quebec since the late 1960s. Moreover, it is ranked as the best money manager in Canada.

In the context of globalization, the caisse model continues to be successful. We cannot escape globalization; it shapes our environment and affects us all.

Government Orders

• (1130)

Globalization is the source of both fear and enthusiasm, and is replete with both opportunities to be seized and pitfalls to be avoided. The Caisse de dépôt et placement is interested in globalization from the point of view of its investors, its impact on the development strategies of its partners, and of the role it will be required to play as a result.

For a number of years, the caisse has developed based on solid values with two aims: growth and cost-effective performance.

The caisse's assets have risen from their 1981 level of \$11 billion, to \$44 billion in early 1995, and now to in excess of \$110 billion. Just do the math: ten times the 1981 level, and more than twice the 1995 level. That is what success in Quebec is all about.

The caisse continues to respect the decision of its board and its administration to provide its depositors and its clientele with the financial products necessary for a diversified and cautious portfolio, but one that is above all efficient.

In Quebec the caisse has bolstered the fund administration industry. Its objective is a simple one: to share its success with other similar funds. It administers mutual funds for Cartier, whose funds are available throughout Canada.

As far as performance goes, all we need say is that the 1999 results of all of its investment teams overshot their objectives, with an overall performance rating of 16.5%. This is worthy of mention because it is not seen very often.

I would point out to those who might underestimate this, that over a five-year period, most of the teams of the caisse were at the leading edge of their industry, with an overall performance in the order of 14.7%.

The caisse approach, as we call it, contributes to the growth of the economy of Quebec, the growth of our industries, the growth of our companies. As a result, the quality of life of millions of people in Quebec is enhanced, and their future assured. The caisse operates with respect for its members.

The approach the caisse takes in order to achieve those aims focuses on partnership. Whether in Quebec, in Canada, or elsewhere, the caisse draws upon the expertise and experience of its partners in their respective areas.

Another key to success is information. There is no doubt that the quality and the originality of the information available to its decision-makers play a major role. The caisse devotes significant resources to process and make use of the huge pool of information that its managers and partners have. As we can see, the caisse respects some fundamental values while actively promoting and developing these values.

It is obvious that the history of the caisse and the way it does business is rich in happy developments. Let me talk about a situation that occurred in 1982, although some may feel this is ancient history. However, it still has echoes today, particularly since 1993.

As members of the Standing Committee on Finance, Bloc Québécois members—especially my colleague from Saint-Hya-

cinthe—Bagot—meet business people from across Canada. Some of them have shown contempt toward the Caisse de dépôt et placement.

• (1135)

When this bill was last debated, my Canadian Alliance colleagues were among its critics, as they are again today. We met Bay Street financiers who hate the Caisse de dépôt et placement, even though it makes a positive contribution to the Canadian economy and has become a key player in a number of so-called Canadian businesses that make Liberal, Conservative, Canadian Alliance or New Democrat members so proud.

Still, some continue to despise the Caisse de dépôt et placement and to say that it is bad, that it is rotten. Because the Caisse de dépôt comes from Quebec and has become Canada's largest manager, there is reluctance on the part of Canada to recognize achievements by Quebecers. This is because until this financial emancipation occurred, it used to be said that Quebecers were not cut out for business, economic and financial matters. But now that we have created something as fundamental as the Caisse de dépôt et placement, they are a little less eager to put down Quebecers.

In 1982, the federal government decided to introduce Bill S-31. We still remember that Bill S-31, introduced by André Ouellet, then Minister of Consumer and Corporate Affairs, prohibited the Caisse de dépôt et placement from holding more than 10% of the stocks of major businesses in Canada. At the time, the Caisse de dépôt et placement was considering investing in Canadian Pacific.

This generated incredible controversy. Owned by Quebec interests and built on Quebecers' savings, the Caisse de dépôt et placement would become CP's main shareholder. This created an incredible uproar in Canada, so much so that business people from English Canada decided to wage a war against the Caisse de dépôt et placement. This is why the Caisse de dépôt was not very popular at the time. It was impossible for Quebecers to become CP's main shareholder.

They decided to put unbelievable pressure on the federal government to get it to introduce Bill S-31, which provided that the Caisse de dépôt et placement could not hold more than 10% of the shares of companies involved in interprovincial transportation.

This did not target Canadian Pacific alone—it was clear that the railways affected all of Canadian business. Do you want to know why? Because all Canadian businesses at the time had a stake in transportation. If it was not air transportation, it was shipping—in the oil industry, for example, it was in pipelines—or the railways, which was a secondary activity, but which was added on to manufacturing and also the service sector.

For the year that the saga of Bill S-31 dragged on, from 1982 to 1983, before the government finally withdrew the bill due to pressure from Quebec business, we Quebecers lost incredible opportunities to invest the significant sum at the time—I think it was around \$17 billion—that the Caisse de dépôt et placement held in capital.

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During that year, we lost the ability to benefit from the increase in value of Canadian Pacific shares. In 1982, CP shares were worth \$30. In 1983, they were worth \$50. We could have made a \$20 profit per share if the Caisse de dépôt et placement had been allowed to own more than 10% of CP shares. The caisse lost some \$15 to \$20 million dollars, with CP alone. We have to assess all opportunities that were lost because shares of other Canadian businesses could not be purchased, given that the provisions of Bill S-31 that were retroactive.

• (1140)

Before this bill, we were told it would be retroactive. If the Caisse de dépôt et placement had invested more than 10% in the specified businesses, it would have had to get rid of the difference. Selling shares when you are being forced to do so means you end up selling off shares at a loss.

This is what they were going to force the Caisse de dépôt et placement into, as it was getting too powerful for the liking of English Canadians. The president of the Toronto Stock Exchange at the time, Mr. Bunting, launched an incredible offensive to bring down the Caisse de dépôt. All of the big Canadian corporations like Bell Canada, Stelco, the Bank of Montreal, the Royal Bank, Dominion Textile, Nova, Inco and Hiram Walker fought against the Caisse de dépôt et placement to keep us from moving forward.

Totalling the losses, for example for 1982-83, we lost \$100 million in opportunities in one year. This is a plausible figure because for CP alone it is around \$15 million or \$20 million. Given the average yield of the Caisse de dépôt et placement, between 1982 and 2001, this means over \$1 billion of potential capital lost to Quebecers.

Thus today the value of the Caisse de dépôt et placement is not \$134 billion but \$133 billion. Quebecers would have had \$1 billion more to invest and to build up their savings with.

Because of the Bill S-31 episode, we have \$1 billion less, and that is a real annoyance. Today, here we are faced with your bill, which creates and consolidates the activities of the Canada Pension Plan Investment Board. We are here to support it, despite our memories of Bill S-31. We said to ourselves "Let us put that in the past for now". People take much delight in recalling this episode.

But we are supporting you in this wonderful plan to create another sort of caisse de dépôt et placement in Canada, using the money in the pension plans of Canadians outside Quebec, because it will open up opportunities and thus democratize the economic growth of Canada.

As do all my colleagues from the Bloc, I wish you as much success with the Canada Pension Plan Investment Board as we have had with the caisse de dépôt et placement.

But I hope that nobody puts obstacles in the way of this wonderful initiative such as we have had to face since 1982. And there were all sorts of subsequent criticisms of the caisse de dépôt et placement. There were all the smear campaigns I have seen since I became a member of the Standing Committee on Finance. As a member of that committee, I have heard a lot of incredible comments.

When one visits Toronto and talks about the caisse, it is as though one had mentioned the plague. People are afraid of it. We are flattered by this reaction. But, at the same time, it would have been nice if, in the past, you had been as enthusiastic about the growth of the Caisse de dépôt et placement du Québec as we are now about the creation and consolidation of the activities of the Canada Pension Plan Investment Board.

I remind the House that we are in favour of this bill to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act. The board acts as an investment corporation not unlike the Caisse de dépôt du Québec with a mandate to invest the money from the Canada Pension Plan in order to get the best possible return.

• (1145)

The Quebec Caisse de dépôt et placement also provides support for clients interested in the long term strategic development of their business, regardless of where it is located in the world. It is an accessible partner much sought after by businesses that think big. It is among the most active investment bodies in the world in the area of private investments. People who are interested in exporting their products and services and opening up new markets will find the support they need at the caisse.

Furthermore, clients of the Quebec Caisse de dépôt et placement benefit from its worldwide network and its specialized services. I do not understand why the Canadian Alliance is against the bill before us, when the board in question would allow the regions to promote strategic development and provide support for businesses. These are businesses that want to think big, that hope to export and want support. I do not understand. What other kind of wonderful instrument are they trying to come up with or have they already come up with to replace an instrument as effective as the caisse de dépôt et placement? It has proven itself in Quebec and an equivalent body in Canada would definitely contribute to strategic development, as has been the experience in Quebec.

It also provides, at each major stage of expansion, a unique source of capital for businesses. It supports the sustained growth of businesses from all sectors of the economy, from the most traditional to the most modern ones. Its professionals, who are active in their respective areas of expertise, share their skills and know-how by making available to these businesses a one-stop financial service.

Regardless of the projects, including business start-ups, support for expansion, a public call for savings, local or international expansion, a merging or takeover, financial restructuring, asset acquisition, exports or setting up abroad, family property transfer, or the sale or redemption of stocks, the goal of the caisse is to build the future and make the present better.

Government Orders

The Caisse de dépôt et placement du Québec is active in all the world's major financial centres and it has been developing its skills as a manager of public funds for over 36 years. It uses its own expertise, along with that of its partners, that is the institutions and businesses. Its clientele, which is mostly made up of public organizations, puts its deposits in the hands of the experts of the Caisse de dépôt et placement, because the caisse's management, which relies on a combination of daring moves and caution, guarantees returns higher than the main reference indicators, year after year.

As I mentioned earlier, the Caisse de dépôt et placement is Canada's largest investor in the private placement and venture capital sector. It is the primary holder of bond certificates from Quebec's public sector, and it has the largest real property portfolio in Canada. I am repeating this so that members opposite can understand clearly: in order to develop new structures for the financial management of collective savings and take advantage of the best investment opportunities, the Caisse de dépôt et placement is the place to go.

It is making ever greater use of its experience abroad, particularly on emerging foreign markets. Through consulting services and in partnership with the local expertise available, it is involved in the setting up, management and administration of social and collective savings programs such as retirement funds.

• (1150)

The objective is twofold: to stimulate local financial markets through sound and rigorous management, and to be involved in the establishment of a social protection structure, in particular through the creation of retirement funds.

In conclusion, I hope that Canada can have such an instrument, which has contributed to the economic expansion of all of Quebec. This is the wish that I am making for all the other Canadians.

[*English*]

The Deputy Speaker: For the remainder of the debate members will have a maximum of 20 minutes for their interventions with the possibility of 10 minutes for questions or comments.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, I want to thank the House for the opportunity to speak to this important bill today on behalf of our party.

I note that the parliamentary secretary who spoke earlier failed to mention exactly how the pension plan came about. For his memory, and many others in the House, if it were not for people like J.S. Woodsworth, M.J. Caldwell, Tommy Douglas or Stanley Knowles, we would not even be having this conversation today. It was these gentlemen, and many others in the labour movement, the church movement and in social movements throughout the country who fought tooth and nail to convince Conservative and Liberal governments of the importance of a pension plan to offset the high cost of living and to ensure that all Canadians had a semblance of a moderate and decent way of life in their most elder years when they retired from their working years.

It was in 1966 when that came about. Again, if it was not for those great leaders, and I add new democratic leaders, we would not have this debate today. I wish to acknowledge their sincerity and hard

work over the years in bringing a pension plan and the efforts of a pension plan to Canada.

The reality is there were parties that opposed the pension plan historically, the Liberals and the Conservatives. I am quite sure if the Alliance Party was here back then, it would have opposed it as well. When we hear the Liberals stand up and now say they will do things to improve it or offset and protect Canadians across the country, we have to take it almost tongue in cheek.

It was not too long ago that the federal Liberal government, and I cannot say the word stole, took close to \$30 billion of surplus funds out of the federal public service and used that money for other means. The fact is that was not its money to play with. That surplus money belonged to public civil servants who are now retired and to those who are currently working. That money was not the Liberal government's to play with, but it did.

It still leaves a sour taste in people who are now retired and the federal superannuation organizations, for example CARP. Many people who work in the federal civil service will never forgive the Liberal government for taking the money that rightfully belonged to them and putting it toward other purposes.

Speaking of pensions, we have our firefighters from across the country who come here on a yearly basis and throw a really good reception for all of us. They also lobby us very hard. One of the concerns they push tooth and nail for is the right and the ability to put more of their own money into a pension plan. They want to increase their allotment to 2.33%. A simple transaction would make this happen. Why has the Liberal government not moved on this easy request from the firefighters?

When the Liberals talk about pensions and everything else we have to go on what they are acting upon or what they are not doing. We take their words with a large grain of salt. The firefighters have been demanding, asking and pleading for this one little clause to be changed so that they themselves who have physically and emotionally demanding jobs can retire with a semblance of a decent pension, and they would do it with their own money. The government completely ignores their requests. When the government cannot do something that simple we kind of wonder what else it does.

While I am on the topic I wish to mention veterans and their spouses. When veterans of World War II or Korea pass away their spouses get a pension for a year and then that is it. Why is that? Why do we treat the spouse and family members of a veteran so callously? Everyone knows that when a veteran served in our armed forces or went overseas there was someone back home who looked after the home fires. They wear the clear ribbon which means they are the invisible fourth arm of the military. Those spouses back home are just as much a part of the military effort as the person who served overseas. They should not be cut off from any pension or face reductions just because the veteran has passed on. That pension should be carried on to the widow or the widower until that individual passes on. This is something that these groups have been asking for many years. Still the government says no, it closes doors with cold shoulders.

Government Orders

•(1155)

Another example is just as amazing. When seniors get the CPP and OAS at 65, if there is an increase to the OAS, the CPP goes down. If there is an increase to the CPP of a few dollars, the old age security goes down. Why is that? For the sake of a few dollars and a few small percentage points of an increase trying to give our retired people in the country a bit of a breather not only on high taxation but the high cost of living, the government gives with one hand and then takes it back with another. It is incredible that it continues to do this. I have outlined four different areas of various pension concerns that we have raised continuously on this side of the House to that side of the House and those concerns are completely ignored.

I wish to comment on the recent concern of this particular pension fund. Years ago a member of the House said an arm's length agency eventually becomes out of reach. That is exactly what this would do. Moneys that go into the pension plan come from employers and employees. It should be the employers and employees of this country who decide what should happen to that pension plan, as well as any surplus plan.

The legislation would set up a board of directors. I wonder how many people from the Canadian Labour Congress are part of this association. I wonder how many people from retired seniors groups are part of this association. I wonder how many people from retired, social or active church groups are part of this association. None at all. That is simply unacceptable.

The fact is it is our money. It is pension money and it is being invested in foreign stock markets and foreign entities without consulting the people of Canada. Now as this arm's length agency gets further and further away from the halls of Parliament we will know even less of what is being done in the near future.

To my colleagues of the Alliance Party who wish to have more of this public money invested overseas, would they be recommending we invest in Talisman, WorldCom, Enron, or any of those companies around the world, especially in the United States, that have a complete disregard for their own employees and their own environmental concerns around the world? I say not.

I will give credit to the Caisse de dépôt et placement du Québec. There is a clause in its regulations that says it has to invest in its domestic economy within the province. That is something that this particular pension plan that is now with a private agency should have as well. There should be a debate in the House of Commons as to what should happen to any surplus moneys. We should also be investing within our provinces, within Canadian companies, and within our own borders.

Capital venture funds and those kinds of things would be great to invest in to assist our Canadian companies and, for example, various labour groups and associations and small and medium sized businesses. It would provide opportunities to have access to funding, to grow businesses and the economy within our own borders. To invest in offshore or overseas companies does not do any good because we know they have no ethical background or, for that matter, moral background as to how that money should be invested.

We could be investing in companies that develop nuclear weaponry. We could be investing in companies that have complete

disregard for the environment. I could not help but notice in the papers today that more companies are quoted as doing some pretty nasty environmental work and things of that nature in other companies around the world. Those are companies that none of our pension moneys should be invested in. That is simply nonsense.

It is kind of ironic that we in the House of Commons are discussing the Kyoto protocol and how we will clean up the earth and reduce greenhouse gases, et cetera. Yet the pension moneys that we are talking about could be invested in companies that pollute our planet, that increase greenhouse gases, that increase the damage to our environment and our planet. I am sure Canadians would be shocked and appalled if they knew that their public money was going into companies that do this.

We completely disagree with the Alliance Party in this regard. This is Canadian pension money. It should be invested within Canadian borders. It should be invested for the good of all Canadians and not for the good of foreign interests outside our borders. It is simply unacceptable.

•(1200)

The NDP opposes the bill unless a strict mandate along with other things are included. Ethical screening should be in place and reviewed by the House of Commons or at least by the finance committee. It is money that belongs to Canadians. They have a right to know where that money is going and exactly what it is doing for them.

High risk ventures do not often pan out. We have seen what has happened to the stock market. Thousands of employees at Enron and WorldCom have lost their pension fund and their place of employment and everything else. Why? The reason is because of a few unscrupulous people who looked after themselves and their friends and completely ignored the concerns of the workers and everyone else. That is something that the NDP completely opposes.

A pension plan is more or less a social safety net. People want to be guaranteed and assured that when they retire that money is there for them.

People are told to invest in RRSPs, RESPs and in the stock market when they are young and working. They are told to look after themselves. They should do everything they can to invest their own money and not rely on the government's pension plan because it will not be there for them when they retire. Why in the world would we promote that type of attitude? Why in the world would we promote the idea that the government's pension plan, which is the pension plan of Canadians, will not be there when people retire?

Many thousands of Canadian families do not have enough money at the end of the month to save privately. They are trying to get their kids through school, pay their bills, their taxes and everything else. Many Canadians fall behind on a monthly basis. A lot of them do not have money to save as others may have. When they retire they will require and desperately need the pension plan. It is up to us to ensure that the pension plan is there for as long as we are here and as long as this government is running, and as long as this country is still standing so we can look after our seniors and those who require a pension plan in order to move forward in their lives.

Government Orders

There are a lot of people in Canada who are disabled and require the CPP disability pension for them to carry on with their lives. Someone who is working and suddenly becomes permanently disabled has to go through a horrendous fight and struggle to obtain the Canada disability pension. It is amazing. I am sure there is not one MP in the House of Commons who has not had to work on three or four of these kinds of files on a monthly basis. It is a difficult thing for these people to go through. We are now hearing concerns from people who are being cut off their disability tax credits and everything else.

It should not be a burdensome thing for Canadians to apply for the disability pension plan. It should not be difficult for individuals who have been in a severe car accident and have two medical reports, one from a general practitioner and the other from a specialist, saying that they have lost both their legs or they have lost an arm, or they have become blind, or become deaf or whatever. Why is it that bureaucrats in Ottawa make it difficult for them to achieve some sort of semblance in their life when it comes to a minimum pension plan so that they can carry on for the rest of their life? We cannot continue on that way.

People like our former colleagues John Solomon and Nelson Riis and many other members of Parliament throughout the history of the NDP have stood up and raised the issues of what is happening to the pension plan, where the money is going and everything else.

There must be ethical screening for this money. It must be controlled by the House of Commons. Members of Parliament should have frequent debates on where that money is going, how it is being invested, and what it is doing. If there are surpluses, which we anticipate there may be in the future, the NDP would ensure that those surpluses would benefit retired people and those people who would soon be entering into the pension plan.

• (1205)

Over the last few years people have seen a slight reduction of EI premiums on their pay cheques but they also have seen a massive increase in their CPP deductions. In terms of take home pay, there has been no benefit to Canadians in that regard.

The CPP deduction is extremely important and we would like people to stop calling it a tax on wages. If properly, morally and ethically invested, the fund could be there to ensure that all Canadians, when they retire from the workforce, would have a pension plan on which they could rely and which would ensure them that they could stay in their homes and not have to go into what we used to call the poorhouse.

We oppose the continuation of this arm's length agency because we know that eventually it will be out of reach. It will not have to answer to parliamentarians and many stakeholder groups will not be part of the decision making.

On behalf of the NDP, we want to ensure that all the money is properly accounted for and is there for people who are collecting pensions now and for people who will collect pensions in the future.

I will go back to the firefighters. We want to encourage the government to quickly put in the 2.33% allotment for which the firefighters have been asking. We want the government to ensure that the spouses of those veterans who have passed on have the full

pension plan until the day they pass on. We want to ensure that if there is an increase in CPP and OAS premiums that it will not affect seniors.

We want to ensure that investment of this money is done on moral and ethical grounds. The money should be invested into capital venture labour funds, for example, to benefit all Canadians. The government can get advice from organizations like the Canadian Centre for Policy Alternatives, the Canadian Labour Congress and various church organizations and social groups throughout the country. They can encourage and give advice to the government on what to do with the surpluses or how to invest that money to ensure a proper security and income return on that pension plan so it is there in perpetuity.

[*Translation*]

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, I want to congratulate my NDP colleague on his speech and I also want to make a few comments.

First, we cannot talk about a deposit and investment fund in Canada without referring, as my colleague from Drummond did so cleverly, to the existence of an extraordinary institution as the Caisse de dépôt et placement du Québec, which was founded in the 1960s. My colleague from Drummond spoke at length about the work of Jacques Parizeau, one of the great thinkers behind this fine institution.

Mr. Parizeau was one of the great premiers and one of the great finance ministers in Quebec. He was a very bold and courageous premier, a great manager of the province's finances and a builder of Quebec. He is a man of vision but, at the same time, he has compassion for the role of the state, a totally modern state despite what some of the new stars that we see in Quebec today may think. These people have obviously been planted in Quebec, just as is the case elsewhere on the planet, to promote neo-liberalism and to counter the good work that the state can do in a society.

Going back to the Caisse de dépôt et de placement, we should not forget that this institution was established in the heyday of modern Canadian federalism, when the federal government agreed to discuss and negotiate between equals with the provinces. This was the Lester B. Pearson era.

Members need to remember that this fine institution, the Caisse de dépôt et de placement, appears to have been one of the reasons why Pierre Elliott Trudeau, Jean Marchand and Gérard Pelletier, who have been called the three doves, entered politics. They ran and, unfortunately, were elected. They took it upon themselves to put Quebec in its place. The Caisse de dépôt came on the heels of the nationalization of electricity, as a means for a people to better control its own destiny. Thanks to the Pierre Elliott Trudeaus of this world, their meanness, their narrow-mindedness and their egocentricity toward Quebec, this kind of development was never seen again.

I have a question for my NDP colleague. How does he explain the really shameful attitude, as my colleague from Drummond put it, of Bay Street? How does he explain their attitude concerning the Caisse de dépôt?

Government Orders

My second question is this: Can we be sure, with this initiative of the Canadian government, that the Caisse de dépôt et de placement in Québec will not be subjected to the Canadian investment board? Québec should be recognized as a distinct society, at least in the financial sector.

• (1210)

[English]

Mr. Peter Stoffer: Madam Speaker, looking at it politically, if any federal government was to go into Quebec and say it was going to take over the caisse des dépôt, look after it and take funds from it, I think it would be a political nightmare. I do not think that any federal politician would go into Québec and tell the Québec people and government what to do with the caisse des dépôt. It just simply will not happen.

My inlaws live in Laval, Quebec, and they are very pleased with the Quebec pension plan. They are retired and have a very good pension plan from the caisse des dépôt. That is enough said on the success story.

The federal government could learn an awful lot from Quebec and its pension plan. There are two things.

First, there are requirements that it has to invest within the boundaries of Quebec. We could expand that to the Canada pension plan where it would have to be invested within Canada. Quebec is much more open for screening.

Second, the average Quebecker can go in, look at the documents and the fund and see where the money has gone and how much the fund has taken in. It is much more open within the Quebec borders than we are within the federal borders.

Success sometimes breeds a little jealousy and I think Bay Street may be a little jealous of the success of the Quebec pension plan.

[Translation]

Mr. Svend Robinson (Burnaby—Douglas, NDP): Madam Speaker, first, I think the Caisse de dépôt et placement du Québec is truly a model for eastern Canada.

We are not afraid to extend the principles of the Caisse de dépôt et placement du Québec, unlike the Canadian Alliance who argues that it would be terrible to base the Canada Pension Plan on the same principles as the caisse. We, in the NDP, say bravo to the Caisse de dépôt et placement du Québec.

• (1215)

[English]

I want to make a brief comment and then ask a question of my colleague. I strongly support his call, and the call that has been made for some time, for improvements to the pension scheme for firefighters. Certainly we have been working for some time on this. The firefighters have an effective lobby. They come to Parliament Hill once a year. They get lots of support from members on all sides of the House and yet nothing changes.

I take this opportunity to underscore the importance of showing some respect for these people who put their lives on the line to save the people of this country and to heed that plea, as my colleague

from Sackville—Musquodoboit Valley—Eastern Shore said so eloquently.

I am one of those members who had the great privilege and honour of serving in the House with Stanley Knowles. One of the real pillars of Stanley's approach to politics was his profound concern for pensioners. He pointed out there were really three pillars to pensions: first, the old age pension; second, the Canada Pension Plan; and third, of course for those who had it, private pensions.

Members of the Canadian Alliance have suggested that somehow we should turn over the Canada pension plan to the market. We should get rid of the public component of it and the requirements that there be investment in Canada and turn it over to the great casino of the market. We know all too well what has happened with Enron, WorldCom and Nortel Networks, and so on.

I know my colleague from Kings—Hants is a great supporter of that casino market system. I wait with interest for his comments and his proposals for the pension system.

Could my colleague respond to the suggestion by the Alliance that we throw the Canada pension plan into the great free market system and see what happens to those who have invested in stocks like Enron, WorldCom and Nortel Networks?

Mr. Peter Stoffer: Madam Speaker, people like Stanley Knowles, Tommy Douglas, M.J. Caldwell and J.S. Woodsworth were supported by many great New Democrats in the House.

Mr. Stanley Knowles definitely had the support of my colleagues from Regina—Qu'Appelle, Burnaby—Douglas and Winnipeg—Transcona who have been long serving members in the House. Without their support and encouragement, they could not have carried on their fight for pensioners.

If we took the Alliance's approach to investment in pension plans, we would have a terrific number of people within a very few short years living well below the poverty line, and a lot of those people would be seniors. Prior to 1960, 33.6% of all seniors were living below the poverty line. After the Canada pension plan and the Quebec pension plan came in, that figure dropped in 1995 to about 11% of all seniors living below the poverty line.

A public pension plan has definitely assisted many pensioners and couples and has ensured that they will have a quality of life in their retiring years.

First, Canadians would never accept it if we opened it up to the world market, the casino market trade, stocks, et cetera, as my colleague suggested that the Alliance would do. That is why the Alliance will never go anywhere electorally in the country. Second, it would be very dangerous. In a few short years we would see a lot more Canadians living in poverty because the pension would not be there for them.

[Translation]

Mr. Gilles-A. Perron (Rivière-des-Mille-Îles, BQ): Madam Speaker, I will be very brief. In his speech, the NDP member stated that the government has dipped into the government employees' pension plan.

Government Orders

If we were to draw a parallel and say that the government is about to dip into the employment insurance fund, would the member agree to set up a fund to manage the employment insurance surplus?

[*English*]

Mr. Peter Stoffer: Madam Speaker, if I understand the question of my colleague from the Bloc correctly, the federal government took a very large surplus of money out of their pension plan. I think that is absolutely wrong. That surplus belongs to the retired workers of the public service. It also belongs to the workers who are currently serving in the public service. It is their pension plan when they retire in the future.

• (1220)

Mr. Scott Brison (Kings—Hants, PC): Madam Speaker, it is with pleasure that I rise today to speak on Bill C-3, an act to amend the Canada pension plan. It is worth noting that this was originally introduced as Bill C-58 in the first session. This government is the first government in the history of the Canadian Parliament to have twice as many throne speeches as budgets and it has again unnecessarily delayed legislation, allowing legislation to die on the order paper which then has to be introduced again, discussed again and ultimately passed.

From purely a parliamentary productivity perspective it is ludicrous that the government, in the interest of re-imaging its supposed vision for the country and trying to polish the Prime Minister's legacy, actually delays action. A good legacy for any government would be action. A bad legacy, I would posit, is one that delays action. This is a government that time and time again talks but does not act.

Throne speeches are typically more about talking than acting. Budgets are about acting. The government should have had a fall budget for full accountability and action to address some of the issues facing Canadians, whether it is the capital markets downturn, notwithstanding what has happened in the last week, which hopefully will be sustainable. But by and large Canadians are concerned about the future of their retirement plans. Increasingly, every month when they get their RRSP statements they have great concern about their futures.

Clearly the Canada pension plan is an important cornerstone of the future retirement savings plan of most or all Canadians and certainly is one that is supported broadly by a wide range of Canadians who support the notion of a government pension plan, one that is secure but also one that maximizes their retirement income in retirement.

Earlier in the comments of my colleague from Burnaby—Douglas he said that he was waiting with bated breath to hear what my comments would be on this. I suggest, if we look at market performance historically over the long term, that in fact participation with a diversified portfolio in the equities market over the long term is a far better way to build equity and ensure a secure retirement than the previous treatment of the Canada pension plan capital pool, which was to lend it to provinces at substandard rates.

If we look at the union funds and the pension funds in Canada, whether it is teachers' unions, or OMERS, which I believe is the largest investor in the capital markets in Canada, or many of the government unions that invest in the capital markets, all those individuals and pension funds that invest in the capital markets, we

see that they invest in the capital markets because they realize that maximizing the retirement incomes of their membership in the long term requires prudent participation in the capital markets. I would urge the member, as a member of a political party that espouses equality and egalitarianism, and suggest that he ought not to deny all Canadians the opportunities that union members have currently to benefit from participation in the capital markets in order to maximize their retirement incomes.

This movement of the Canada pension plan capital pool toward capital markets is one that in the long term, and I think the hon. member will share this, will benefit Canadians and improve their retirement incomes. Notwithstanding what has happened in the last year to two years in the capital markets, by and large the return last year on the Canada pension plan, compared to most mutual funds and most investment portfolio manager records in the last year, was actually fairly good. That is not to say that it was a positive return. I do not know too many investors or portfolio managers who enjoyed positive returns over the last year, but we cannot pick market timing completely.

• (1225)

The Canada pension plan has to be invested for the long term. Good portfolio management expertise will prevail with the right quality of skill sets on the management level. That is one of the reasons why it is so important that the board of the Canada pension plan be chosen very carefully. We have had and continue to have significant concerns about the way the government makes order in council appointments. The correlation between Liberal Party contributions and an appearance in the board's order in council appointments is uncanny. The degree to which this level of partisanship can threaten the potential quality of a board is very important.

When we are talking about the future retirement incomes of Canadians, it is absolutely essential that the individuals on these boards be beyond reproach, that they be chosen with absolutely no inclination or partisan influences. I would hope that we would see a greater commitment from the government to selecting the absolutely best possible members of the Canadian pension plan board, based on their expertise, experience and understanding of investment principles in the capital markets, and not based on either Liberal memberships or their propensity to contribute to the Liberal Party funds.

I believe that we also have to take a serious look at other ways to address the demographic time bomb that exists in terms of Canadian retirement planning right now. Moving forward, we are really just a few years away, just 10 or 20 years depending on the demographer, from seeing a significant reduction in the number of Canadians who are actually working and paying taxes, along with a significant increase in the number of people who will be drawing. As such, I support the increase of, for instance, RRSP contribution limits. That is one way in which we can defer taxes to the future as people withdraw from these RRSPs. Also, the increase in RRSP contribution limits would give Canadians an opportunity to shelter more income today than they would otherwise be able to.

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With the most recent changes in the tax brackets, there is an anomaly in our tax system now. The current \$13,500 RRSP contribution limit is not consistent with where our tax brackets are, so we ought to see a significant increase in the contribution limit. It is not a write-off of tax revenue for the government. In fact it is a deferral of tax revenue to a time when we are going to need a tax revenue even more than we do today.

I would also urge the government to use the infusion of the CPP capital into the capital markets as an opportunity to move more aggressively to raise foreign content limits, to allow Canadian investors to achieve a greater level of geographic diversification in their RRSPs, which is important from a portfolio management perspective. Currently many of the mutual funds and the professional managers are already flouting the foreign content limit. It seems perverse to create rules that can be escaped by highly paid financial and tax advisers and by mutual fund managers and not have this available to the ordinary Canadian investor. That is exactly the perverse system that the government has today in terms of our foreign content limit on RRSPs.

• (1230)

Beyond that, it is time for us to consider some new approaches, to give Canadians more options in terms of ensuring that they have adequate retirement incomes in the future. One suggestion, for instance, would be to allow Canadians an opportunity through a new approach to employment insurance policy. We know that the government has benefited significantly by padding its books with outrageous employment insurance surpluses. Perhaps it would be a good idea to use some of those surpluses to actually strengthen Canada's employment insurance system in the following way.

Perhaps after paying into the employment insurance system for a period of 10 years, for instance, as part of a vesting period, if you will, Canadian workers ought to receive a statement every year telling them that their employment insurance account balance is whatever it happens to be. It will not be a terrific investment because clearly for those who do not draw from employment insurance frequently, or who in many cases do not draw at all, their contributions will be used to top up those of people who draw more frequently. But the fact is that some recognition for those who do not draw frequently would make a great deal of sense. To actually reward people who do not draw from EI frequently would accomplish some of what the Liberals wanted. The Liberals moved to reduce benefits for those who draw seasonally, but in some ways we could accomplish the same end goal with a lot less hardship if we were to find ways to reward those who do not draw frequently.

Also, what about the notion of allowing Canadians to withdraw money from their EI accounts to further their education, to upgrade their skills, to study a computer course, or for an MBA or a CFA, to go from being underemployed to fully employed? That would be consistent with labour market mobility, which we recognize as being important in today's society and a hyper-competitive global environment.

What about allowing Canadians, after a lifetime of paying into EI, to roll some of their EI account balance into their RRSPs? I have heard so many times from people in my constituency that they have paid into EI for 15, 20 or 30 years, have never drawn a cent and will

never be able to. This would be one way to reward Canadians for not drawing from EI. It would be a way to augment their retirement savings. It would be an EI system that works for people who work. I think that might make sense when we are considering issues of helping Canadians ensure a more prosperous and secure retirement future.

I hope that the dire predictions of the member for Burnaby—Douglas for the capital markets do not come true. When he points to the Enrons and the WorldComs he is pointing to some of the most egregious examples of corporate governance offences. In the U.S., we are seeing the Sarbanes-Oxley act, a strong action by U.S. government to enforce and bring forward concrete action to improve the corporate governance framework in the U.S. In Canada we are seeing absolutely nothing. There is talk, but there is no action.

There is the recent appointment of Harold MacKay as the chairman of yet another task force, and the government loves task forces, to study the corporate governance issue, when there are some tangible steps that could be taken to improve corporate governance in Canada today. I think that the federal government should be working with some of the provincial governments. For instance, for 30 years there has been discussion on the notion of a national securities commission.

I say to some of my colleagues from the Bloc about the issue of a national securities commission that I recognize wholly that securities regulations are within the provincial jurisdictions, but the fact is that there could be greater cooperation between the various provinces with the federal government playing a leadership role in working with the provinces to ensure that there are across Canada very uniform approaches to securities regulations. That would benefit people on the buying side of the market in terms of raising capital. It would also benefit us in the long run, by greater resources, focus and expertise, with a greater protection of investors. These investors, whether they are in Quebec, Nova Scotia or Ontario, are concerned about the future of their retirement holdings. They want to know that the greatest efforts are being made across the country to ensure that securities commissions have the level of expertise and resources required to enforce consistent, uniform securities regulations and to be able to do so forcefully.

• (1235)

Currently, we have about 10 securities commissions in Canada. Many of them are underfunded and underresourced such as, Nova Scotia, P.E.I., Newfoundland and New Brunswick. The Canadian capital market is only 1.5% of the global capital markets. For us to divide those capital markets into 10 or 11 securities commissions does not make a great deal of sense. What it means is that we do not have the resources or the expertise at the provincial levels to do as good a job as we would if there were a national effort.

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I recognize the inherent complexities of these proposals but I submit to my colleagues from the Bloc that it bears consideration in the interests of all Canadian investors, whether they live in Quebec, Ontario or British Columbia. The best possible expertise and resources must be committed in a uniform way across Canada to ensure that the WorldCom and Enron type of debauches do not threaten to further damage trust in the capital markets. Currently the capital market issues are surrounding trust. Not seeing action taken by the Canadian government, while we see such aggressive action taken by the U.S. government, is something that is purely unacceptable. I am concerned as well.

Mr. Harold MacKay presented an excellent report, as head of the task force on the future of the financial services sector. That excellent, objective, thorough report was butchered by the government. It was more interested in plucking the politically palatable from it and ignoring some of the important public policy parts of a report that might have been controversial but which would have furthered the interests of the financial services sector in Canada.

One of the things that work well in Canada is our financial services sector. That is a sector which has the capacity to lead globally, yet we have taken the perverse steps in Canada of handcuffing our financial services sector while at the same time exposing it to foreign competition. Whether it is in the banking sector, the insurance side or the trust companies, we do not have a financial services sector that fears foreign competition, but there is significant trepidation about the notion of being exposed to foreign competition and having their hands tied behind their backs. That is exactly what our current financial services regime in Canada is doing. We have significant concerns about that.

In addition to supporting the direction of this legislation, I would hope that the government does not delay developing and implementing policies to improve the confidence of Canadians in the capital markets. The corporate governance issue is critical and we must address that in Canada. The U.S. government is affecting change in that regard and taking dramatic and important steps. I would hope the Canadian government would do the same.

I would hope the government would also increase flexibility with RRSP limits and reduce foreign content limits, which would help Canadians save in their RRSPs. Further, the government ought to consider the notion of helping Canadians, through their EI contributions, further augment their retirement savings and ultimate security.

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, my colleague across the way made some comments which, as I had indicated in my speech, I want to reinforce because I was concerned there was some suggestion about the politicization of the CPPIB board of directors.

I want to make it clear to the House and to this member that the board of directors is independent and accountable. The ministers of finance federally and provincially appoint directors with high qualifications. There is consultation with the provinces. The directors are chosen from a qualified list of candidates recommended by a joint federal-provincial committee, one from the federal government and from the nine participating provinces. The criteria

that is used for this nominating process is a public document and is out there for the public to see.

In making the appointments it should be emphasized that the directors must have proven financial ability and relevant work experience for them to carry out the objectives of the CPPIB. As a result the people who sit on that board of directors have extensive business, financial and investment expertise.

I want to emphasize the independence and the quality of the board because the hon. member implied that somehow there may be government, that is, Liberal Party bias in the selection. That is of course nonsense given the fact that nine participating provinces and the federal government are nominating a list of candidates. Both Conservative and New Democratic governments as well are nominating. It is important for the public to know that the independence is there.

I am sure that this was maybe an oversight by the member, but I wanted to emphasize this on the public record and any comment that the member might make. Otherwise I was pleased with his comments about the direction of Bill C-3. I also want to emphasize that these proposals have the support of all of the provincial and territorial governments involved and the changes are now before the House.

● (1240)

Mr. Scott Brison: Madam Speaker, while the member describes a consultation process with the provinces, the ultimate decision in terms of these appointments comes from the PMO.

The member for LaSalle—Émard, as a born again ethicist, yesterday introduced a series of proposals in which he described the unbridled power of the PMO, the evil force of darkness from the PMO, and its impact on the appointment process and on individual members of Parliament, particularly on that side of the House.

I am not certain what his future plans are in terms of who he is supporting for the leadership of his party but I would argue that this born again ethicist, the member for LaSalle—Émard, based not on his track record but on his most recent utterances, would be closer to agreeing with me than agreeing with the hon. member that there would need to be a greater level of not just consultation with provinces but parliamentary and committee consultation and ultimately approval of appointments.

It has been some time since we reviewed the appointments to this board, but there was a strong correlation on this board between contributions to the Liberal Party and Liberal Party affiliations in a general sense and appointments to this board. That is not the case for the entire board. In fact, quite specifically, John MacNaughton, who is head of this board, is to my knowledge a non-partisan and an extremely qualified pension manager and investment executive with a great deal of experience.

That being the case, I am sure that in his heart of hearts Mr. MacNaughton would rather the Liberals appoint his colleagues on that board not based on their partisan affiliations but on their true expertise and qualifications as pension and investment executives. Canadians would be far better served by that, while I suggest perhaps the hon. member and his party might not be quite as well served in the short term.

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[Translation]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Madam Speaker, I listened carefully to my colleague from Kings—Hants, who, by the way, had the fortitude to warn us against the dreadful partisanship that seems to prevail where the management of the Canada Pension Plan is concerned.

I would like to know if my colleague thinks the money is being well looked after by the government? If so, why? If not, why? And how could we make the administration of this fund more transparent?

• (1245)

[English]

Mr. Scott Brison: Madam Speaker, there needs to be greater efforts in ensuring transparency, both in terms of the criteria of investments and that all Canadians are aware of what the criteria for investment would be.

By and large with this fund the criteria ought to be the maximization of the retirement assets of Canadians. For example, there have been some representations by some members of the New Democratic Party, among others, that there be ethical requirements in terms of the criteria of this fund. I do not believe that is necessarily appropriate.

Canadians can make those decisions in terms of other investment pools, but really the responsibility here is to maximize their retirement income. So that is one part of it. There needs to be a transparency in that regard.

There needs to be annual reporting of the returns of this fund. From an accountability perspective that is important. The Auditor General ought to have a greater level of scrutiny powers over the fund. This makes a great deal of sense and is consistent with what we have called for in the past.

While I support the discussion about the movement of Canada pension plan funds into earlier stage investments, some of which are outside of the realms of the publicly traded markets, the venture capital industry earlier stage investment, I think that in the long run these are a good idea. They are a good idea for emerging technologies in Canada and will ultimately work out well for the CPP.

When we are getting into these areas of investment the level of expertise at the board level is critical. This is a board that has to be well beyond reproach because of the importance of the mandate that is given here. This is the future retirement incomes of all Canadians. Canadians do not choose this board. It is not like buying a mutual fund where Canadians can evaluate the track record of the fund or the board or the quality of the management team.

That is why the government can do a better job of ensuring that the appointment process is beyond reproach. The fund is the most important fund in all of Canada in terms of a pension fund. We expect transparency, the Auditor General's scrutiny and the appointment process of the board to be absolutely essential. It is unimpeachable.

In a general sense I share with the hon. member her concerns in this regard.

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Madam Speaker, while I agree with the general tenor of the caveats that the hon. member for Kings—Hants has put forward, I do want to express my concern about one thing he said in his latest response to the last question he was asked. This is the question of getting involved in non-publicly traded investments at an early stage.

If we are concerned about the potential for the board to act in a manner that is subject to political ends, that is subject to pressures from outside and so on, then surely the one area we do not want to go into is publicly traded commodities because at that point we are dealing with an area where there is no market price to be established. An oversight, even if there is open reporting, is virtually impossible.

As an historian I have studied pension systems elsewhere. I am unaware of any jurisdiction in the world where a public pension has been invested successfully in this manner and has produced satisfactory rates of return. I was wondering if the member is aware of any to expand our knowledge on this point?

• (1250)

Mr. Scott Brison: Madam Speaker, I thank the hon. member for his perspicacious intervention. I guess he did not completely agree with the tenor of my caveat.

In any case, the investment in early stage opportunities does open up the potential for abuse. That is why it is even more important that the appointment process that selects the board, and the pension management professionals in the Canada pension plan are exceptional.

The member is right. It does open up the potential for abuse, but notionally the idea of Canada pension plan investments, or a portion of them, not a huge portion but a portion, being used to invest in venture capital types of investments is not a bad or wrong-headed approach. In fact if we look in Quebec at the Caisse de dépôt, there are some of these types of investments—

The Acting Speaker (Ms. Bakopanos): I apologize to the hon. member but we did run a minute or two overtime.

Mr. Bryon Wilfert: Madam Speaker, I rise on a point of order. The hon. member again indicated that there was a direct correlation between Liberal Party contributions and the members of the board of directors. It is very clear that this is not the case. I have documented clearly—

The Acting Speaker (Ms. Bakopanos): That is certainly not a point of order. It is a point of debate.

Hon. Charles Caccia (Davenport, Lib.): Madam Speaker, the context of this debate is the fact that the Canada pension plan will have a very sizeable investment to manage. I am told that by the year 2012, will be an amount of between \$120 billion and \$150 billion. This is quite a responsibility. It is understandable therefore that so many colleagues wish to participate in the debate. This is the broad context. In my brief remarks I will talk about how to invest, where to invest, the issue of ethical screening, the issue of return on investments, what people tell us about the CPP, and frequent complaints.

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I will begin with the question of how to invest it. There is a unique opportunity for the board to be instituted by way of Bill C-3 to proceed in a rather creative manner in finding ways to establish its long term program by investing in a manner that will facilitate the construction of infrastructures. Examples would include: sewer separation; the rehabilitation of toxic sites; and initiatives that would lead to energy conservation and energy shifts in order to help Canada achieve its Kyoto goals. In other words, a number of investments would have a municipal flavour in relation to water and air quality and also a flavour that would somehow be coordinated with the long term objectives of the Government of Canada in the decades ahead.

On the topic of where to invest, many interventions have been made. We definitely seem to differ in our approach from that of the official opposition. Many of us on the Liberal side feel very strongly that investments should be made in Canada and that they should be intended to facilitate, as I mentioned a moment ago, the long term pursuit of Canadian interests, particularly in relation to air and water quality and the very difficult pursuit of sustainable development.

The issue of ethical screening was raised in the previous session by the member for Regina—Qu'Appelle, whom I congratulate. He and I are on the same wavelength in the sense that an ethical screening procedure ought to be incorporated by the board to be established by this legislation. This screening would ensure that the funds were not allocated to opportunities which are contrary to the public interest, which are contrary to long term goals, be they human rights or be they other very difficult objectives that the government intends to pursue.

On the return on investments, we will see from the record that the debate has been quite intensive. I tend to agree with those who wish to adopt a policy for stable and guaranteed investments rather than investments of a speculative nature. These funds are Canadians' hard-earned savings. Therefore it would be a natural conclusion to recommend that the funds be invested in a manner whereby they would be safe and productive, even if not in a spectacular manner in terms of interest rates, but safe and guaranteed.

My next topic is what people are telling us about the level of Canada pension plan payments. Canadians are increasingly concerned about the erosion of the purchasing power of the dollar, namely the effects of inflation, and it has been kept down to a minimum. Nevertheless, the pensions are less significant today than they were a few years ago. Therefore, the time has come for a revision of the Canada pension plan payment policy so as to allow for higher pensions for those who qualify.

● (1255)

We all know that higher pensions will require greater and larger contributions, which is a burden both to the employee and the employer. Nevertheless, a very strong case can be made that a good, healthy pension scheme, and Canada can say that it has one of the best pension schemes in the world, certainly reinforces social cohesion. Social cohesion is a very important factor these days, namely the ability of operating as a mutually supportive society. The element of the pension level is an important contributor to the cement which binds us together and makes us function every day.

I would argue in favour of a review of the system so as to permit an increase in the level of pension. This cannot be done in isolation.

Evidently not only the CPP system will have to be examined, but also old age security and in particular, the guaranteed income supplement, which is a very important instrument in the overall pension policy. That kind of supplement goes to people who do not have a Canada pension to draw from and who can only rely on old age security, if they qualify for it.

It seems to me that the entire pension sector ought to have the attention of the Department of Finance, so ably represented by the parliamentary secretary in this debate, and also HRDC and other departments so as to produce a coherent and constructive long term policy. The time has arrived to do that.

The next item is the frequent complaints in relation to the Canada pension plan. I must repeat the complaint about the five year rule for the acceptance of disability claims. It is a rule that has had its time. It has also damaged potential claimants who have seen their claims rejected. It seems to me that this five year rule needs to be re-examined and possibly changed, let us say, to seven years or perhaps 10 years, so as to permit people who are disabled to make their claim and receive it without being denied.

Another complaint that has been raised in recent times is the delays on the part of the pension appeals board. The pension appeals board is probably understaffed. The claimants who appeal have to wait long periods of time until a decision is made. We have seen cases with waiting periods of up to two years. Obviously this is not good. It also does not compare well to two decades ago when the waiting period was six months at most. There has been some slippage. I submit that this item requires attention on the part of the authorities in charge of the Canada pension plan.

● (1300)

We need to pay close and regular attention to Canada's current pension regime and ensure that our seniors do not live in poverty. This exercise of revision should be a regular one rather than one done at infrequent intervals, as seems to have been the case in the past.

It seems to me that the debate on Bill C-3 and the amendments to the Canada Pension Plan Investment Board Act is a terrific opportunity for all of us to make proposals on how to invest carefully but also in a creative and new manner. Considering the large amount in question, we have everything to gain in investments that will lead to improvements in the health condition of the population and in projects that are oriented toward health and the environment which will improve water and air quality, human condition and ultimately the economic condition of the country.

Clear evidence has emerged in recent years that shows that health and the economy are closely interlinked. Pension funds offer a great occasion to look at opportunities to improve our performance in relation to basic elements such as water and air. I hope the comments made in the course of this debate will help to move in that direction.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Madam Speaker, I am a little distressed after listening to the comments made by the hon. member across the way. My impression is that he sees this large amount of money as another government spending project.

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Does he not realize that with the changing demographics in our country that less people will be paying into the pension plan and more people will be taking out of it? If the sole reason for investment is not to make the most return on this pension plan, then there is a great chance that this whole idea of providing for future generations will not be there.

Does he believe that this pension plan should be used for environmental programs, health care and other government spending programs?

• (1305)

Hon. Charles Caccia: Madam Speaker, I also indicated in my intervention that it will soon be necessary to increase the amount of contributions to be made by the employer and by the employee in relation perhaps to a change in the demographic profile of Canada. If that is done, it will take care of the numbers.

In addition, this is a sizable fund that needs to be invested and there are a variety of ways this can be done. I am sure the Alliance Party, in its creative moments, will come forward with some constructive ideas.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Madam Speaker, I listened carefully to my colleague, who is feeling sorry for pensioners. He believes it might be important for them to have a little bit more money available and so on and so forth. I think he is being inconsistent.

Members will recall that a few years ago there was a surplus in the Canada Pension Plan, especially with regard to federal public servants. The government was very quick to make a grab for this surplus that could have been used to improve these people's pension plan.

I would ask the member whether he does not think it is somewhat inconsistent on his part to state that pensioners should be treated better, have a better pension plan, when at the time that the government could have done just that, it passed legislation to grab the surplus.

Will the new act guarantee that when there is a surplus in this fund, it will not be another case of the plan, the board or indirectly the government, taking the surplus?

Hon. Charles Caccia: Madam Speaker, from what I know about the bill before us, I can tell my colleague that the answer is no. I am not aware of any such provision in the bill.

As far as my supposed lack of consistency is concerned, it is true that in the House there are sometimes many inconsistencies. I would love to offer my colleagues and yourself, Madam Speaker, the most perfect world.

However, what I am most concerned about for now is that in a few years we will have to put more money into the Canada Pension Plan because of inflation. We have to deal with that too.

[English]

Mr. Svend Robinson (Burnaby—Douglas, NDP): Madam Speaker, first, I want to thank my hon. colleague from Davenport for his comments, but I do not necessarily share in his invitation to the Canadian Alliance to show some creativity in its response to the

Canada pension plan. The last time the Canadian Alliance, I think it was then the Reform Party, put forward proposals with respect to the Canada pension plan, it suggested that we turn the whole thing over to the market. Had we accepted the advice of that party, today there would be literally tens of thousands of pensioners in Canada with absolutely no pension whatsoever. I do not think we want to ask those members for ideas about the security of elderly people in the country.

I would like to ask the hon. member a specific question with respect to the Canada pension plan funds. Does he agree that there should be a form of ethical screening in the investment of these funds?

• (1310)

[Translation]

For instance, the Caisse de dépôt et placement has rules to make sure that it does not invest in corrupt countries.

[English]

Does the hon. member agree that there should be stricter guidelines to ensure ethical investment? Here particularly I would give the example of the shameful investment by the Canada Pension Plan Investment Board in Talisman oil, Talisman oil which is fueling the bloody civil war in Sudan. Does the hon. member agree that there should be an ethical screen in the investments of this public pension fund?

Hon. Charles Caccia: Madam Speaker, in my remarks I did include an observation on the importance of including ethical screening. I also paid homage to the hon. member for Regina—Qu'Appelle when he spoke on this bill in the last session. He made an intervention along those lines, in a very learned and much more elaborate manner than I did.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, I know my hon. colleague from Davenport would also probably support the idea that any funds invested from the Canada pension plan be invested with the environment as a consideration as well. It would be not just ethical in terms of moral grounds but also a green kind of screening to ensure that companies domestically would not do harm to our environment.

On top of that, when Ken Georgetti left British Columbia to join the Canadian Labour Congress as its president, many people said that B.C. lost its best businessman in many years. He handled a venture labour fund very well and did it with workers and their families in mind.

Would the hon. member agree that this arm's length board, which now handles the funding and direction of the pension plan, should have labour representatives on it to ensure that workers and their families and communities from coast to coast to coast can rest assured that their voices will be heard in the decision making of the investment of that fund?

Hon. Charles Caccia: Madam Speaker, the Liberal Party to which I belong is the party that gave Canada the Canada pension plan, the old age security, the guaranteed income supplement, the widows' allowances, the child benefits and so on. In other words, it is the Liberal Party that has given Canada a vast array of programs and measures that are the foundation of our social security system.

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I am very proud of that fact and I think we on this side of the House are all very proud of our record. We welcome suggestions to improve it, but I must also indicate that our record has been an outstanding one and all we want to achieve now with Bill C-3 is to improve upon it.

Mr. Peter Stoffer: Madam Speaker, as the House knows, the firefighters have asked that they be allowed to put more of their money into their own pension plan, and raise it to 2.33%. Many members of the House have told the firefighters that they support them but yet the government has yet to move on that.

Would the member for Davenport elaborate on what his personal position is on this and when does he think the government will move to meet the request of our beloved firefighters from coast to coast to coast?

Hon. Charles Caccia: Madam Speaker, I am not in a position to elaborate on that program because I am not sufficiently familiar with it.

Mr. Charlie Penson (Peace River, Canadian Alliance): Madam Speaker, I am happy to rise today to speak to Bill C-3, an act to amend the Canada Pension Plan Act that has been brought back in this Parliament after Parliament prorogued last spring.

The main thrust of Bill C-3 is to propose a transfer of all amounts held in the Department of Finance within the Canada pension plan account, including the bond portfolio which is worth about \$40 billion. It is the transfer to the Canada Pension Plan Investment Board. This transfer would take place over a three year period.

Bill C-3 would establish a means for the transfer of assets between the Department of Finance and the CPP Investment Board so that immediate payout obligations of the plan can be met. The legislation also spells out how the provincial securities currently held in the account may be redeemed or replaced. Lastly, the bill would apply to the Canadian pension plan fund the 30% foreign content limit that applies to registered retirement savings plans and employer and union sponsored pension plans in Canada.

While Bill C-3 is a step in the government's planned development of the public pension plan, managed at arm's length by a crown corporation, the bill is more than a housekeeping bill. The Canadian Alliance is opposed to the Liberal solution of bilking Canadian workers and employers out of billions of dollars to pay for a plan that is unquestionably unfair to younger generations in our society.

The Canada pension plan was devised over 36 years ago by a Liberal government with a noble objective, one which I believe all members then and now can agree on, to provide retirement security to all Canadians and to reduce poverty among seniors. A mandatory pension plan was devised and paid for through equal payroll contributions and deductions from workers and employers.

Back in 1966 Canadians were told that their payroll deductions required to fund the Canada pension plan would never go above 5.5%. However, how times change. When the plan was designed it was assumed that there would be six taxpaying workers for every dependent retiree. Of course, we know that has changed significantly. The member for South Surrey—White Rock—Langley just talked about the changing demographics in our society. Anybody

who does not have a plan to deal with that is in for some nasty surprises.

We know that the birth rate in Canada for every two people is 1.2, not even a replacement factor for those people. It will certainly have a major impact on how governments operate and how we will continue to fund retirement savings with a bigger percentage of our society being in the older category and less people in the younger group paying the bills.

From 1966 to 1982, annual Canada pension plan contributions exceeded the plan's annual benefit payouts. The funds were invested in provincial bonds and the plan's assets accumulated to almost \$24 billion. Beginning in 1983, however, contributions fell short of benefits. Nevertheless, the interest on the \$24 billion was sufficient to keep the overall CPP in surplus for another 10 years. By 1992, the pool of assets had grown to \$42 billion.

However, in 1993, the year this current Liberal government took office, was the year that the culmination of contributions and interest could not produce the revenue required to cover the stream of benefits. That was a major turning point. The Canadian pension plan's chief actuary warned that without changes the plan would be in very deep trouble, especially when the baby boomer generation began to reach 65 in about the year 2012.

By 1997 Canada pension plan's assets had fallen to \$35.5 billion. During the fall of that year the Liberal government introduced Bill C-2 which was designed to save the Canada pension plan by the only way it knows how to govern: take more money from Canadian taxpayers. We see it over and over again and again this year in the Speech from the Throne.

The Liberal government showed its contempt for Canadian taxpayers and Parliament all at the same time by invoking closure after a mere eight hours of debate on a huge issue that Canadians needed to be concerned about.

Starting in 1998, Canadians saw their take home pay shrink as contribution rates for both employees and employers were jacked up in a series of increases to the Canada pension plan.

Government Orders

● (1315)

Canada pension plan premiums went from 5.5% on the average industrial wage income to 9.4% where it is currently. By 2003 it will be up to 9.9%. That is a staggering 73% increase and the biggest tax grab in Canadian history. What is really scary is that the former chief actuary of the Canada pension plan had suggested during that time that a rate higher than 9.9% was necessary to save the pension plan. However that did not suit the former finance minister's plans for his political career and instead of listening to the chief actuary he had him fired. That solved a lot. I guess what goes around comes around. Eventually the former finance minister met the same fate himself and he was fired.

With more money flowing into the Canada pension plan as a result of these jacked up rates, the plan's total revenue exceeded benefits slightly in 1998 and by 2000 contributions alone were high enough to cover all the benefits. By the end of 2001 Canada pension plan assets were approaching \$48 billion. Yet despite extracting all that money from Canadian taxpayers, the Canada pension plan's unfunded liability is estimated to be a whopping \$430 billion. Just in case people cannot relate that to what is currently in the plan, the current plan's assets are approaching \$48 billion but the liability is \$430 billion. It has almost 10 times as much in liability as we have funds to cover it.

The current chief actuary of the Canada pension plan, the one who replaced the one fired by the finance minister, admits that the contributions will once again fall short of benefit payouts but the government is betting on the Canada Pension Plan Investment Board to beat that system. We heard from the member for Burnaby—Douglas that he was concerned about that because the Canada Pension Plan Investment Board had losses when the market went down.

The member for Lanark—Carleton, who spoke before me, also has a big concern with this. Our concern is not so much that there is a Canada Pension Plan Investment Board, it is that government tends to use these boards for political expediency and political operatives. Pressure can be put on these boards to invest in favoured companies that happen to give a lot of money to the governing party of the day, and which maybe the Liberals favour. We know the Quebec pension plan has had difficulty managing its money wisely and it tends to be politically motivated.

The other problem is that in a small market like Canada the huge amount of money has a disproportionate effect on our markets. What does it invest in? At one time Nortel made up 30% of the Toronto Stock Exchange. We know where it is at today and I think the Canada pension plan also knows where it is at because that was one of its major investments at the time, but what else do we invest in if we have to invest in Canada? Even more so, the legislation would restrict the Canada Pension Plan Investment Board to invest 70% of all that it has in Canada. There is a 30% foreign investment rule restriction that ties the hands of the Canada Pension Plan Investment Board.

Employers and the self-employed are feeling the brunt of the Liberal CPP tax grab. The Canadian Federation of Independent Business is currently conducting a letter writing campaign on the subject of the government's job killing payroll taxes. It notes that

while employers received a 7¢ reduction in their employment insurance premiums, Canada pension plan premiums went up by 40¢ and they are set to increase another 25¢ in 2003. Everything the employers gained back in the employment insurance premium reductions has been eaten up by Canada pension plan increases.

If the government plans to see the CPP hike through, I would hope that at least it would look at the mangled EI program where revenues far outstrip EI costs and disappear into general revenue.

The worst injustice by the Liberal government and its CPP hike is the intergenerational unfairness. Mr. Ménard admits that every Canadian worker born after 1980 will see their Canada pension plan investment will offer them a 2% return on investment for their retirement. However those who retired in 1995, a different generation, will receive a 9% return on their investment.

● (1320)

What does that say to our young people who are expected to pay the bills? They are expected to pay the bills for our generation's retirement and they will not even have enough for their own as a result of this mismanaged plan. That is totally unfair and it simply will not work. As these young people get into positions of power in government and other places in society they will not accept this. They will throw it off. It seems to me that it would be better to change our plans now than to have a mangled system thrown out down the road in 10 years by the generation that sees this as being totally unfair.

The fact is that the Canada pension plan will take in just under 10% of income to receive 25% after age 65. The average annual payout is \$5,500 a year. The best one can hope to receive from CPP is under \$9,000 a year.

We talked about how things have changed and are changing in terms of demographics. The number of seniors in Canada will double to 22% of the population by the year 2031. This will place a heavy burden on workers who support pension and health programs.

I am sure that hon. members know if they examine their hearts on this issue that when the young people of today form the majority in this country they will be sorely tempted to change the plan to ensure that they will get some of the benefits that will now only go to the people who are currently in the plan.

Government Orders

The Canadian Alliance does not believe that our future security lies in the wages of a shrinking workforce. Rather, it lies in the vast productivity and production capacity of the economy. We value retirement security as a vital element of independence. The Canadian Alliance policy platform states that we will honour obligations to retired Canadians and those close to retirement under the current state run programs. We will also maintain support for low income seniors. However, and this is a very important distinction, the Canadian Alliance believes that future retirees deserve a greater choice between a government managed pension plan and a mandatory personal plan.

With the objective of giving Canadians greater control of their own affairs and retirement plans, we will eliminate the foreign investment restriction for retirement investments and devise options to allow individuals greater opportunity to save for themselves as we see that the current system failed its original objective from 1966. Times have changed considerably in terms of demographics.

•(1325)

What we are interested in is fairness in the system and a system that will actually work for future generations. That is why we think the Canada pension plan in its current form is failing young Canadians who are coming up. We are concerned that when young Canadians discover this as they become adults and they come into positions of authority, that they will take matters into their own hands and make changes. Instead of waiting for that to happen, let us look forward a little, be proactive and try to devise a plan that works and will work for future Canadians and will respect the demographic change happening in Canada. As I said earlier, we have an aging population.

We hear a lot of chatter from the other side but the fact of the matter is that it is the Liberal government—

An hon. member: If you have something to say, say it.

An hon. member: Who created that liability?

The Acting Speaker (Ms. Bakopanos): I know we get very excited just before question period but we are not in a question and answer period, we are in debate. If the hon. members wish to ask any questions there will be sufficient time right after the hon. member finishes, 10 minutes of which are for questions and comments. The hon. member has another five minutes left in his speech.

Mr. Charlie Penson: Madam Speaker, it seems we have hit a nerve on the other side. I guess I know why. These are the architects of a failed plan. Not only do they not recognize it is a failed plan, they continue to make the same mistakes over and over again. This is really not anything new.

It does not just deal with the Canada pension plan and Bill C-3. It applies to a whole bunch of sectors. The government is more concerned about looking good with window dressing legislation than it is about addressing serious problems of Canadian society. I would put this in the same class as a number of those other problems that it is not really serious about. It wants to look good but it is not concerned about the young people of the country having a retirement income. Otherwise it would do something about changing this plan to respect young people when they are coming up and ensuring they have the same kind of retirement income that the rest of us have.

It does us all a big disservice not to recognize the changing demographics of the country, the aging population as it is coming forward, and to understand how we will deal with a shrinking workforce paying for the retirement incomes of a lot more people. We must address this issue. It must be taken seriously. We all want to have retirement income when it is our turn, but this current plan will not help in that regard.

My prediction is that in the next few years under this scenario we will have to increase Canada pension plan deductions again, probably up to 15%. That is what the last chief actuary said before he was fired. It may be even more than that. If we are not going to have replacement people coming into our country to replace our population, where will the money come from to provide for this plan?

Other countries are looking at this. It is not just Canada. The United States is looking at the issue. Great Britain has the same problem, maybe even worse in terms of birth rate than we do. Chile has undertaken a major program on pension reform that goes back some 10 to 15 years. It has worked out a system that seems to be working there. It is giving young people an opportunity to invest their income into some pension plans from a diverse group.

Canadians are not well served by this legislation. We will oppose it and hope that something better comes forward to serve young Canadians and their need for retirement income.

•(1330)

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Madam Speaker, the hon. member ended on rather a sour note which I am surprised at since all the provinces support it as well as management investment pension board representatives.

There were three areas he mentioned. One was the independence of the board which I have talked about before, which is beyond reproach. There is discussion about the arm's length of the board. It is clearly able to invest in any sectors that it wishes. In fact that again is very clear. It has the full authority to develop a plan and it does.

How is the plan working? It is working rather well. In comparison to others, OMERS as of December 2001 annual returns for selected public sector pension funds was minus 3.4%. Ontario teachers was minus 2.4%. The caisse populaire was minus 5%. CPP was plus 6.2%. That is not a bad record.

The member pointed out the foreign property rule. I point out to the hon. member that foreign property rule strikes a balance to investing in Canada and elsewhere. We have seen some increases in this over the years from the 10% limit of 1971 that has gradually moved forward to the 30% limit of January 2001.

Government Orders

Finally, I personally find offensive to suggest this is a tax grab. First of all, the money will not go into general revenue, it will go into a separate account toward people's pensions, which is what we are all in favour of here, and not to government coffers. The short term economic impact of the increase in CPP has been well known for a long time.

The opposition cannot have it both ways. On the one hand it says we are not properly funding it and therefore the thing will run out and we have done a lousy job. On the other hand we recognized this with our provincial partners and we fixed the problem with the support of the provinces. The opposition now turns around and says the rates are too high. Sometimes in politics it is better to be a listener than a talker and I wish some of the members on the other side would listen to what this legislation says.

Could the member explain to us, if all the provinces and the federal government support this legislation and support the changes, and people in the pension fund management sector support it, how is it that they are all wrong and he is right?

Mr. Charlie Penson: Madam Speaker, there was quite a bit there. The member talked about the Canada Pension Plan Investment Board. The board is appointed by the cabinet of the Liberal government. He talks about its record. My point in talking about Canadian investment is that it cannot exceed the 30% foreign investment limits that we are all governed by.

If the hon. member was listening, my point was that the Canadian market for such a big investment fund is rather a small market. Countries, such as Chile, after about 15 years of having investment by people in their individual RRSPs or in retirement funds, decided that it was too small a country in terms of overall investment and it needed to spread it across investments outside of Chile. That way the risk was not quite so high. If it suffered a major downturn in its economy it was spreading the risk.

It seems to me that when there is \$48 billion, and it will rise rapidly, dumped into the Canadian market in terms of where it will be invested, it does limit the ability to spread that risk. That is the point I was making.

In terms of the provinces buying into this, the provinces have benefited quite a bit in the past. There have been low interest loans from the Canada Pension Plan Investment Board that the provinces can still maintain. In fact, the provinces get to roll this whole thing over one more time if they wish in order to buy. That is the rule of the Bill C-3 legislation. Some of the interest rates the provinces are paying, unlike what the member talked about of a 6% return, is more in the range of 1.5% to 2%. The provinces have had a pretty good deal out of the Canada pension plan in the past. Maybe it is not in their interest to change that with these low interest rates.

I would think that the member would want to look at the dynamics of what is happening to our aging population and how we will address the issue of how we will have retirement income for young people in the future. This is the major concern I have and it should also be the concern of the members.

The former chief actuary of the Canada pension plan recognized the problem of having retirement income for our young people in the future. He recognized that the 6% or the 5.8% that was going into the

Canada pension plan fund in terms of deductions was not enough and that it had to be raised. In fact, it was raised to 9.9%. The former chief actuary suggested that it still would not be enough and most people agree that it will fall short.

I know the Liberal government is pinning its hopes on the Canada Pension Plan Investment Board to make good investment decisions to make up some of that shortfall.

The member says that the board is at an arm's length from government. Crown corporations are at an arm's length from government and the Export Development Corporation is one of those. In fact, members cannot get information from the EDC because we are told we must go through the minister. Some of their investments are falling pretty flat these days. They are subject to too much political interference or the possibility of political interference on who to invest in.

We all know that the Liberals have some favoured corporations in Canada that have funded some of the campaigns of the major politicians in the House today. The Liberals continue to fund those corporations.

Our concern is that these investments will not necessarily be made with the best interests of Canadians in mind. It might be in the interests of those corporations and the Liberal government. That is our concern.

• (1335)

[*Translation*]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Madam Speaker, although I do not share some of the member's views, I must admit that I agree with what he had to say about the debate we are having on Bill C-3, namely that because the House was prorogued we have been forced, as it were, to do again what we had already started, a waste of time that could have been avoided if the House had not been prorogued.

One wonders why we had to have a throne speech when several bills still remained to be considered. And last, these bills are being brought back to the House and committee work will have to be done all over again. On this point I agree with the previous speaker.

However, he also mentioned the Caisse de dépôt et placement du Québec and the fact that the caisse had problems one year with some of its investments. It is true that there was a drop once, but to my knowledge it has happened only once in over 30 years since the caisse was created; and during all that time it has been making investments and profits. It is extremely profitable.

I would like the member to give us the opportunity to somewhat change his opinion of the Caisse de dépôt et placement du Québec. In keeping with his party's ideology, he favours both private and public investments. Is he criticizing the current pension plan? He is critical of the government's position, which we support since, for all intents and purposes, it is the same as what we have in Quebec with the Caisse de dépôt et placement.

Government Orders

I would like the member to tell us what solution his party is advocating to make sure that, at the end of the day, taking into account demography, the demographic deficit and so on, our young people too will be able to enjoy a pension. I would like to hear what he has to say about that.

Moreover, as I sit on the Standing Committee on Human Rights, I know that the member is concerned about how little money is being invested abroad. I would like him to reassure me as to what his party's position is regarding ethical investment, that is refraining from investing in businesses around the world when it goes against human rights.

• (1340)

[*English*]

Mr. Charlie Penson: Madam Speaker, I would like to thank the member for his question. It is an important one because he asked what we would do.

We tend to look at the model from Chile as one that has worked effectively. Instead of having a government investment board or an arm's-length government investment board individuals are allowed to put money into investment accounts of their own within investment funds, and there are about eight or nine investment funds which have been recognized as having a good record there. Essentially what individuals have is their own retirement investment fund. They are making the decision on what funds to invest in. In terms of whether it is ethical or not, at least the individual will be making that decision rather than government. Individuals will be making the decision on what is an ethical fund and what is an appropriate investment. We would like to empower individuals to do that. We think they will make wise decisions. Therefore it is a model that should be looked at.

The Acting Speaker (Ms. Bakopanos): Unfortunately there is not enough time to continue unless the House gives its consent. Does the House give unanimous consent to continue questions and comments?

Some hon. members: Agreed.

The Acting Speaker (Ms. Bakopanos): I will limit the question and answer period to one minute each. The hon. Parliamentary Secretary to the Minister of Public Works and Government Services.

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Madam Speaker, I will speak on this later and deal with many of the points. I hope the member will look at my speech later in the day.

I have one simple question. The current Canada pension plan system provides for disability benefits for Canadians who are injured so that they can be cared for. The member's party would like to replace the CPP with a mandatory retirement plan.

In the event that would ever happen, could the member advise the House exactly what he would do to take care of the disability plan for Canadians?

Mr. Charlie Penson: Madam Speaker, that is a good question and one that deserves to have the input of Canadians.

The current Canada pension plan disability program has its shortfalls. I know of people who have taken early retirement income

at age 60, as they are allowed to do, and if something happens to them during that time so that they become disabled they are not able to apply for the Canada pension plan disability section because they have taken their early retirement income. So there are shortfalls even in the current system.

However I do not believe that is a major obstacle that cannot be overcome. We need to have some kind of disability program but I think we could still have it even in spite of the fact that people would have their own individual retirement. Those are separate issues that could be designed in a separate way and I do not really see any problem with that.

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Madam Speaker, my remarks will not be lengthy. The House will know why they are not going to be lengthy after I begin my preamble. Listening to the debate today made me think about the issue of relevance. It is definitely a fact that most of what is being discussed today is in some way relevant to the Canada pension plan, most of it.

I have noticed that members on both sides of the House have taken advantage of the debate on Bill C-3 to raise issues relevant to the Canada pension plan. That is all well and good, except that the bill in question is relatively a housekeeping bill with five or six types of changes to the existing Canada pension plan.

Maybe those elements in the bill are just too darn boring for everybody. Maybe they are not that important. It makes me wonder why we just would not adopt the provisions and move on to debate something else. It is not that the Canada pension plan is not a worthy subject of debate. It is just that the debate today is supposed to be on the contents of the bill, yet the debate seems to be on more general issues involving the Canada pension plan.

We have heard about the process of appointments to the pension plan investment board. We have heard about how the pension plan should be investing its capital, the level of benefits to those who receive the pension, the survivor pension or the disability pension, and the health of the plan itself. All of these are important public issues but none of them deal with the contents of the bill.

I will try to focus my remarks on the bill itself. I know that earlier speakers will have done that. I know it may be boring, but such is the nature of these types of legislative amendments. Let me address the five or six changes just so the record can show it and so we can all be bored as we get ready for members' statements and question period.

As everyone knows, the 1998 legislation created a Canada Pension Plan Investment Board which would take all of the money contributed into the plan, or most of it, and invest it to obtain a return to the plan higher than that which was originally being obtained by the silly practice of lending the pension plan moneys to the provinces. That practice was based on a political deal struck two or three decades ago here in Ottawa. The money was lent out from the pension plan pool to the provinces, I suppose at appropriate rates of interest but using investment methods that did not allow for any appreciation or accumulation of capital. Most of that money is still outstanding I guess. The money was lent. The provinces owe it. They pay interest and they repay it over time.

Government Orders

That provided very little in the way of growth to the pension plan pool. That became painfully obvious in the 1980s and 1990s as we saw other public pension plans grow, public pension plans where the funds were invested in the capital markets in a prudent fashion. There are several pension funds in Canada and the United States which have grown hugely with prudent investments, even grown beyond expectations. There are private pension plans that have so much money they have to take some of it back. There are fights by labour unions and corporations about how much money should be taken back because the pension plan has been invested so wisely.

Here we have our own public Canada pension plan and to some degree the Quebec pension plan, which does not run exactly the same way but in a sense runs in tandem for the same objectives. We have now allowed the definite investment of these moneys which proves beneficial for our whole country over the long term and medium term.

● (1345)

The first tinkering amendment to that existing legislation is one which seems to be pretty trite stuff. It would allow some or all of the money which, by law, has to be held not in the investment account but in the plan account, which was three months worth of capital sitting there just in case it was needed, to be turned over to the investment account so it can be invested as well. At the same time as we do that, the pension plan itself needs a legal mechanism to draw back from the investment account the money it needs monthly, daily or whatever to run the pension plan. It pulls it back from the capital markets.

Those two amendments run in tandem. They make sense. We could ask why those provisions were not there before. They were not there when the amendments were made in 1998. Some elements of the original pension plan legislation were kept in place and better foresight on the part of the managers and the government now allows us to see that we should make these changes.

There is also the matter of long term investments held not by the investment fund but by the Minister of Finance. Over all of the years, the Minister of Finance, on behalf of the Government of Canada and on behalf of Canadians, was the named owner of many investments that the fund had. Those investments are principally loans to provinces.

Just to pick an example, the province of British Columbia or Ontario owes the Canada pension fund \$20 billion. The debt instrument reflecting that account is in the name of the Minister of Finance for Canada. This amendment will allow the Minister of Finance, who is statutorily obliged to be the named owner as trustee, to turn those long term investments over a three year period over to the investment fund.

It is possible in theory that the investment fund in prudence and with good investment intent may decide to actually sell some of that debt. It may decide to cash it in now depending on the interest rates, sell the money that is owed by Ontario on the open market, take the cash and reinvest it elsewhere.

I hope I am not making it sound like the investment board is into funny money investments and playing Monopoly with our pension funds. These are financing and investment techniques that are in use

now and if used properly and prudently will serve the beneficiaries, the annuitants of our national pension plan, the Canada pension plan.

At some point in time over the last few years it has been questioned whether or not our Canada pension plan should have to live by the same foreign investment rules that our personal pension plans, statutory pension plans, RRSPs, have to live with. There is a limit on how much Canadian law will allow a statute based pension plan to invest in foreign funds. Forgive me for not knowing precisely what it is, but I think it is 20% now. That is a cap on how much can be invested in foreign funds.

Should our pension plan be able to be invested in no foreign funds or some and how much? This statutory amendment makes it clear that our Canada pension plan will follow the same rules as all of our other pension plans. If I am correct that the limit is 20%, that is the limit of investment of our Canada pension plan funds.

Mr. Claude Bachand: It is 30%.

Mr. Derek Lee: My friend opposite has corrected me. It is 30%. That is the limit on foreign investment of our Canada pension plan funds.

● (1350)

The last amendment in the bill has to do with accountability. All of us in the House are true believers in the process of accountability. The trick is to get the right mechanisms that reflect what is happening with these types of investments to allow at least trained observers, and some untrained observers like most of us here in the House, to assess how the pension plan is doing.

The final amendment which I am referring to with regard to Bill C-3 relates to changes in reporting mechanisms for the Canada pension plan. In saying that we want good and effective reporting mechanisms, I have to point out what is probably obvious to most of us, which is that in requiring our public pension plan to report, it is important that we not remove from our pension plan the ability to make appropriate moves with respect to investments.

If a large fund is going to make a big investment, it probably is not a good idea to announce it in advance. Sometimes the movement of moneys in capital markets needs appropriate levels of confidentiality before and after they are moved to protect the integrity of the investment. At the end of the day, there is no confidentiality. It has to be reported. It has to show up on the books. Reporting mechanisms that we design and put in place have to take into account the need for large pension plans like this to operate with reasonable confidentiality and integrity as they move our money around.

That is the list of housekeeping reforms. All of them are important in their own way. I hope I did not diverge too much onto other issues. We are back on relevance and back on focus on this very boring bill. Maybe there are some questions from members about this very important subject.

● (1355)

The Acting Speaker (Ms. Bakopanos): I will not be taking any questions. We will go to statements by members and continue after question period.

STATEMENTS BY MEMBERS

[English]

CANADIAN WHEAT BOARD

Mr. David Anderson (Cypress Hills—Grasslands, Canadian Alliance): Madam Speaker, I am a prairie grain farmer. I can grow wheat, but I cannot sell it. Federal law makes it illegal for any prairie farmer to market wheat without a licence from the Canadian Wheat Board.

I would like to market my own wheat. I can market canola. I can market oats. I can market lentils, canary seed, flax and rye, but not wheat.

I have invested hundreds of thousands of dollars in land and machinery. Each year I purchase thousands of dollars worth of fuel and fertilizer to see my wheat seeded, harvested and stored in my grain bins, but once it is there I cannot sell it.

I can log on to the Internet and buy or sell items of any kind. I can trade my vehicle, buy a horse, get a loan, or purchase land, but I cannot sell my wheat.

I can travel around the world in a leaky air balloon, risk my life in extreme sports, gamble away my assets in a casino, engage in high risk business deals or try my luck on the stock market, but I cannot sell my wheat.

I am free to choose which political party I will belong to and which religion I will adhere to. I can quit working, quit taking my medication or even quit eating, but I am not allowed to sell my wheat.

The Acting Speaker (Ms. Bakopanos): The hon. member for Oakville.

* * *

AFGHANISTAN

Ms. Bonnie Brown (Oakville, Lib.): Madam Speaker, today the United Nations world food program warned that an estimated four millions Afghans will be short of food in the next 12 months.

Last Friday, President Karzai asked for international aid to eradicate the production of illegal drugs. His problem is that poppy growing is 40 times more profitable than growing wheat and his farmers need to be convinced of viable alternatives to poppy crops.

His government's control is weak outside of Kabul and there are outbreaks of violence in the southeast and the northwest. He reported that of the \$1.8 billion pledged by the international community, only \$890 million has been received. He added that peace and stability depend on the international community's sustained engagement in the reconstruction of Afghanistan.

* * *

[Translation]

MOUVEMENT DES AÎNÉS DU QUÉBEC

Mr. Claude Duplain (Portneuf, Lib.): Madam Speaker, since its creation in 1970, FADOQ-Mouvement des aînés du Québec has grown steadily and has provided the population of Quebec aged 50 and over with an opportunity to be heard. With close to 280,000

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active members in 900 different social clubs, it has over time become the most important and the largest voluntary seniors' group in Quebec.

In addition to the activities it organizes and the programs and services it provides to its clientele, FADOQ is energetically involved in defending and gaining recognition for the rights and needs of Quebec seniors in various political, economic and social forums.

That is why I call upon the House to join with me in greeting the directors and representatives of the Mouvement des aînés du Québec who are here in Ottawa today. Our distinguished guests will be taking part in two days of training sessions organized by Communication Canada on the programs and services offered by the Government of Canada.

I wish them a pleasant stay in the national capital, as well as every success in their endeavours.

* * *

● (1400)

FOREST INDUSTRY

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Madam Speaker, the forest industry applauds the Government of Canada's financial efforts to assist forestry workers and communities affected by the softwood lumber crisis with the United States.

Today, the big losers are the forestry contractors and the small independent sawmills. They are the ones to be hit first by the imposition of George "Wood" Bush's taxes.

Financial assistance is needed for the lumber companies and associations. A new program must be implemented to make loans to the lumber companies of Canada and Quebec.

* * *

[English]

HEALTH RESEARCH

Mr. Rob Merrifield (Yellowhead, Canadian Alliance): Mr. Speaker, today is Health Research Day on the Hill. It is a time to celebrate the accomplishments of Canada's health research community and to consider their future goals and needs.

Today I was pleased to meet with representatives of the Council for Health Research in Canada. They emphasized the benefits of research in containing costs and, more important, in improving health. They also shared examples of groundbreaking health research. An example is the international attention that has focused on the Edmonton protocol, where scientists using liver islet transplants have provided new hope for diabetic patients formerly dependent on insulin injections.

It is estimated that this year Canadians will donate \$300 million to health research. Many more dollars will be given in contributions through government grants. These are precious dollars and should be spent not in ways that divide Canadians but in ways that Canadians can be proud of.

The Canadian Alliance salutes the hard work and the dedication of those who strive to provide a healthier future for all of us.

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GOVERNOR GENERAL'S AWARDS

Ms. Anita Neville (Winnipeg South Centre, Lib.): Mr. Speaker, Women's History Month is about celebrating women's role in and contributions to Canadian history and society.

Every day women across Canada strive to make a difference in the lives of other women and in their communities. The Governor General's awards in commemoration of the Persons Case were established in 1979 to recognize the lifetime achievements of five women who, in the spirit of the Famous Five, have done just that. More recently, a sixth award has been added to recognize the contributions of young Canadian women who prove that no matter what one's age it is never too early to make a difference in the lives of others.

It is with great pride that I rise to congratulate the six women who have received this year's awards. The recipients for the 2002 Governor General's awards in commemoration of the Persons Case are: Margaret-Ann Armour of Edmonton, Alberta; Françoise David of Montreal, Quebec; Michele Landsberg of Toronto, Ontario; Nancy Riche of St. John's, Newfoundland; and Elisapie Ootova of Pond Inlet, Nunavut. Megan Reid of Leamington, Ontario is the recipient of the youth award.

* * *

SMOKEY SMITH

Mr. Carmen Provenzano (Sault Ste. Marie, Lib.): Mr. Speaker, during the second world war 16 courageous Canadians were awarded the Victoria Cross, the Commonwealth's highest military decoration for bravery.

Ernest Alvia Smith, better known as Smokey, is the last surviving recipient. On this very date 58 years ago, Smokey earned his Victoria Cross during a battle at the Savio River in Italy. As a member of the Seaforth Highlanders of Canada's tank-hunting platoon, Private Smith single-handedly fought off two assaults by German troops. While his comrade lay wounded near him, Smokey held off the enemy until they gave up and retreated.

Today Smokey Smith lives in Vancouver and travels extensively as an ambassador for veterans. He was here in Ottawa on Thanksgiving weekend at the national war memorial. Last year during Veterans Week, Smokey visited the House where members paid him tribute. This year he is proudly featured on the Veterans Week poster.

On this anniversary of Smokey Smith's amazing act of bravery, we wish him many more years of good health and happiness.

* * *

[Translation]

PERCIVAL BROOMFIELD

Ms. Monique Guay (Laurentides, BQ): Mr. Speaker, late Friday night, a nationalist, a great and fervent sovereignist and a good friend, Percival Broomfield died in his sleep.

A co-founder of the Théâtre Le Patriote, which was first established in Montreal before settling into its permanent home in Sainte-Agathe-des-Monts, Percival devoted himself to getting artists to speak and sing about Quebec.

This theatre witnessed the secrets of his wildest dreams and entire pages of Quebec culture. It played host to the first tentative steps of some of our greatest artists, including Claude Dubois, Clémence Desrochers, Jean-Pierre Ferland, Robert Charlebois and Yvon Deschamps, to name but a few.

Just this Thursday, you spoke to me of your love for Quebec, your projects, your theatre and the need for our own country.

Your indefatigable convictions and your loyalty to Quebec will remain etched in our memories. We will miss you Percival; I will miss you.

* * *

• (1405)

[English]

HEALTH RESEARCH

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, this is Health Research Awareness Month. I am pleased to recognize Canada's health researchers and their contribution to our health care system and economy.

It is also time to recognize the contribution of the Government of Canada to a strong, dynamic health research community through its continuing support of the Canadian Institutes of Health Research.

Our multi-disciplinary approach to health research is the envy of the world. Researchers are tackling health issues that matter to Canadians. They are working with governments, health charities, and industry on topics as wide ranging as the integrity and safety of Canada's food and water supplies, bioterrorism, obesity and population genomics.

Health research is a key to the innovation agenda, creating economic growth and jobs. I congratulate this CIHR on its accomplishments in two short years. We look forward to future achievements.

I wish to express our thanks to all those promoting health research on Parliament Hill today.

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CANADIAN WHEAT BOARD

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, a travesty of justice is taking place, not in some third world country, not in a communist dictatorship, not under some oppressive regime, but right here in Canada.

A group of farmers, the very same people who grow the food we eat, have been sentenced to go to jail for selling the wheat they grow on their own land. This unjust situation exists only in western Canada and could not happen in Quebec, Ontario or the Maritimes.

This is due to the monopoly of the western Canadian Wheat Board, supported by the Liberal government, the Minister of Agriculture and the Minister of Public Works. The claims the government makes to have the best interests of farmers at heart ring hollow as 14 farm families prepare to face the reality of their breadwinners being incarcerated. These farmers should not be going to jail for doing what farmers in the rest of Canada can do legally.

I call on the government to end this insanity, to end this extremely tragic situation, and to bring an end to the monopoly of the western Canadian Wheat Board. After all, are not all Canadians equal?

* * *

ARTS AND CULTURE

Mr. John Godfrey (Don Valley West, Lib.): Mr. Speaker, as member of Parliament for Don Valley West in Toronto, I was delighted by the recent announcement made by the Aga Khan Development Network that the Don Mills district of my riding has been chosen as the site for an educational and cultural complex housing one of the greatest collections of Islamic art and heritage outside the Islamic world.

Works from the personal collection of His Highness the Aga Khan and from members of his family and rarely seen in public before will celebrate the rich cultural, intellectual, artistic and religious traditions of Muslim communities, past and present.

Canada's diverse and multicultural society makes this the right place to build a centre with a mandate to foster a global, pluralistic ethic. All Canadians can be proud that Canada has been chosen as the home for an organization dedicated to creating a society characterized by collaboration rather than conflict. These resources will greatly enrich our country's cultural fabric. *Ya Ali Madad.*

* * *

WEEK WITHOUT VIOLENCE

Mrs. Bev Desjarlais (Churchill, NDP): Mr. Speaker, during the 7th annual YWCA Week Without Violence, October 20 to 26, YWCAs and YM-YWCAs have organized activities to bring awareness and solutions to the problem of violence.

Violence affects us all, regardless of geographic location, economic class, race or religion. More than 300,000 violent crimes are reported yearly in Canada. In 1999 more than 90,000 women and children were admitted to shelters to escape abuse. The YWCA is the largest provider of shelters for women and children in Canada.

Much can be done to promote peace and safety: a commitment to avoid violent programming and videos; speaking out against racism and hate; and treating everyone with dignity and respect.

Every day there is something violent happening and I am thankful that every day volunteers and workers of the YWCAs and YM-YWCAs in Thompson, Manitoba, and throughout Canada are working for safer communities.

I ask my colleagues to join me in acknowledging their work and thanking them for their commitment.

S. O. 31

[*Translation*]

HIGHWAY INFRASTRUCTURE

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, on August 22, the federal government finally responded to Quebec's offer to cover half the cost of making highway 175 in the Laurentides park into a divided four-lane highway.

The entire region of Saguenay—Lac-Saint-Jean believed firmly in this project. Our pride and our persistence has borne fruit and we can now say “mission accomplished”.

I thank my constituents from the bottom of my heart for sending thousands of postcards to the Prime Minister, for giving me the strength to rise 38 times here in the House to speak to the issue, and for having allowed me to make highway 175 a national issue. I also thank the regional stakeholders, who all believed in the project.

The riding of Jonquière and the entire surrounding region will benefit. We can finally be proud of highway 175, because it is our tax dollars that will be put to work.

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●(1410)

[*English*]

TERRORISM

Mr. Irwin Cotler (Mount Royal, Lib.): Mr. Speaker, the horrific terrorist outrage yesterday in Northern Israel, the blowing up of a city bus, murdering 16 and wounding at least 50, is the latest outrage by one or another terrorist group, in this instance Islamic Jihad, that not only obscenely takes credit for this slaughter of innocents but proudly and publicly asserts its objective as being the destruction of Israel and the killing of Jews wherever they may be, while the Hezbollah TV station Al-Manar extols the martyrs of yet another genocidal bombing. Yet both, along with Hamas, have yet to be named to Canada's list of terrorist entities.

This latest terrorist assault is confirmation again that the root cause of this tragic existential conflict, and the suffering on both sides, remains for the most part the unwillingness of many in the Arab and Palestinian leadership to accept the legitimacy of a Jewish state within any borders, and that the historical pattern from 1947 to the present has been one of double rejectionism, of Arabs forgoing the establishment even of a Palestinian state if it means countenancing the existence of a Jewish state. This was a sentiment reflected in the remarks of the President of Lebanon who, two days ago at the Francophonie conference, referred to the creation of Israel as one of history's great injustices, words inimical to the peaceful co-existence of two states for two peoples—

The Speaker: The hon. member for Richmond—Arthabaska.

Oral Questions

[Translation]

MEMBER FOR LASALLE—ÉMARD

Mr. André Bachand (Richmond—Arthabaska, PC): Mr. Speaker, the former Minister of Finance and current member for LaSalle—Émard has finally discovered the democratic deficit and, probably, we hope, seen the light on the road to Damascus.

In a speech that he delivered yesterday, the Liberal leadership hopeful was quick to endorse the principle of democratic reform. Better very late than never.

However, this is the same member who, when he was minister, remained silent on these issues and worked against his ideals, and did so for over nine years.

For example, he preferred to sway his colleagues to defeat a motion from the hon. member for Fundy—Royal on the issue of student debt. He preferred to resort to closure on 13 bills and to unveil the principles underlying his budgets outside the House.

Now, he is asking for the appointment of a real ethics counsellor who would only be accountable to Parliament. However, when he had the opportunity to do so, he voted against this measure.

This is a member who excluded himself from the decision-making level to pursue his own partisan and personal goals.

* * *

[English]

CELTIC COLOURS INTERNATIONAL FESTIVAL

Mr. Rodger Cuzner (Bras d'Or—Cape Breton, Lib.): Mr. Speaker, the beauty of the Cape Breton Island coastline enriched by the brilliant colours of its fall foliage has for some time drawn tourists to our area. Our traditional Celtic music, as shared through the artistry of Natalie MacMaster, Ashley MacIsaac, the Rankin Family and others, has continued to grow and appeal to many beyond our shores.

For the past six years these two great assets have been packaged and presented as one of the country's great cultural festivals, the Celtic Colours International Festival. The festival draws not only from the great wealth of Cape Breton talent, but has also become a must-make week for some of the top international Celtic performers including The Chieftains and Sharon Shannon.

This year's event, which just wrapped up with Sunday's largest square dance in the world, has drawn record crowds and has made a huge contribution both socially and economically to the entire island. To organizers Joella Folds and Max MacDonald, the board of directors and the army of dedicated volunteers who have delivered another exceptional festival, on behalf of all the people of Cape Breton, congratulations.

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MEMBER FOR LASALLE—ÉMARD

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it seems the former finance minister lately has become aware of the benefits of democratic reform, but I question both the scope of his reforms and the depth of his convictions.

He now advocates freer voting, but for nine years he supported the most autocratic government in Canadian history. For nine years he hid when his own MPs were bridleing at not being able to freely choose their committee chairs. For nine years he developed laryngitis every time he should have been speaking up against appalling appointments, like that of Alfonso Gagliano as ambassador to Denmark.

Meanwhile he voted against the very independent ethics counsellor which yesterday he said was necessary to "bolster trust". Yesterday he was silent on critical issues like electing the Senate, a den of patronage appointments. In dismissing referenda, he dismissed allowing the public a direct voice in governing their own affairs.

No, it is apparent that Paul's conversion on the road to democracy is nothing more than a conversion of convenience.

ORAL QUESTION PERIOD

● (1415)

[English]

KYOTO PROTOCOL

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, yesterday the hon. member for LaSalle—Émard finally said something about Kyoto. He said:

—before there is a vote we have to have a plan. And it has to be a plan that Canadians understand. One that sets out the benefits, one that sets out exactly how we're going to hit the targets and one that sets out the costs.

Does the Prime Minister agree that the Kyoto vote in the House must be not just about ratification but a vote on an implementation plan?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we are talking with the provinces at this time. We have to prepare a plan that will be implemented over a period of 10 years. It has to be ready by 2012. We are talking with the provinces at this moment and the industry. We are making progress but we have to ratify it at one time. We will ratify it and it will have 10 years to be implemented

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, since the government does not have any idea where it is going, instead of a plan on Kyoto, all the government has floated is a roomful of hot air balloons.

It has been forced to admit that Kyoto would cost between \$5 billion and \$25 billion and eliminate between 60,000 and 250,000 jobs. That was while it was claiming we would get credit for clean energy exports to the United States.

Now that the minister has finally admitted we will get no such credit, will the minister tell us how much higher he projects the cost of Kyoto will be?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the hon. member is mistaken once again. We have said all along that the issue of clean energy exports is very important because it actually reduces the amount of greenhouse gases in the atmosphere which is the objective of the Rio convention and the Kyoto protocol.

It is very important for the world to do this and countries understand that. However, in Delhi we are going to have difficulty negotiating it. We have said that all along and we are just going to continue. We have other fallback positions. We will continue to push this issue because it is very important for the atmosphere.

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, that answer was so typical of the minister, to insult the knowledge of the questioner and then have absolutely no information himself.

The government is admitting that at least one-quarter of our CO₂ reductions will not actually be made but will have to be paid for out of so-called emissions trading permits from other countries. Since no market for such permits exists, how can the government have any idea what they will cost?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the confusion in the hon. Leader of the Opposition's mind is clear from what he suggested and what he said today.

He is now quoting figures with respect to a plan which he says we do not have. He cannot have it both ways. He cannot say on the one hand that there is no plan and on the other that he knows the exact details and the percentages of the plan that we have.

Mr. David Chatters (Athabasca, Canadian Alliance): Mr. Speaker, the government is building its Kyoto proposal on the assumption that there will be an emissions trading market where Canada will pay billions of dollars to countries such as Russia for emissions credits.

Russia emits six times the CO₂ that Canada does. How will sending billions of Canadian tax dollars to Russia help the environment?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, once again we have speculation on the part of the opposition. We have no intention of carrying out the type of practice that the member suggested, none whatsoever.

Mr. David Chatters (Athabasca, Canadian Alliance): Mr. Speaker, I think the minister had an opportunity to clarify my comments and he never did a thing.

The fact of the matter is that this emissions trading market may never exist. That would mean Kyoto would cost billions of dollars more than the billions that he has already said it is going to cost.

Does the Prime Minister know how much Kyoto will cost in the absence of an emissions trading market?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, once again the premise of the question is supported by a series of incorrect statements.

The emissions trading system we are talking about is called domestic emissions trading. As far as I know, Russia is not a province of Canada and therefore does not take part in domestic emissions trading.

[*Translation*]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, yesterday, the Minister of the Environment stated that the most important principle, as far as he was concerned, was that no region be adversely affected by the implementation of the Kyoto protocol.

Oral Questions

The fact of the matter is that, in the past, regardless of the environment, economic development has benefited some at the expense of others.

Now that we can see the extent of the damage done, is the Minister of the Environment suggesting that those who polluted less should pay for the irresponsible approach to development of others?

• (1420)

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the hon. member has raised a point which is very important to us—having a system that does not adversely affect any region of the country.

At the same time, the hon. member must realize that steps are being taken, both by the provinces and by industries, which have already improved the situation as far as greenhouse gas emissions are concerned.

This must be taken into account, but it is a topic of discussion between us, the ten provinces and the three territories.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, what the minister is basically telling us is that everyone will pay the same, even those who have already paid and put in the necessary efforts, and this will make things fair and square. He is attempting to sidestep the issue.

There is a fundamental principle that should guide us collectively and individually and that is the polluter pays principle. Will this principle, and this principle alone, be at the very heart of the implementation of Kyoto?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, our policy is that no region of the country will be adversely affected by the plan we will be presenting.

If the hon. member has an example of an adverse effect, I hope he will take part in the debate, because that is what we want to prevent. We want something that everyone considers reasonable.

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, in the past the federal government invested \$66 billion in gas and oil in Alberta and Newfoundland, and \$6 billion in the nuclear industry in Ontario. It might be worth pointing out that Quebec paid for 25% of these investments while receiving nothing for the development of its hydroelectric system.

Are we to take it from the minister's message that all this should be forgotten, that those who received no subsidies in the past have not only to pay, but to pay twice as much?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the hon. member is asking whether past expenditures to create systems which pollute less than other existing systems in the country are to be forgotten.

My answer is no, they are not. The various provincial situations need to be taken into consideration. It is very important for there to be a frank and honest debate on these issues. Otherwise we will end up with a system which adversely affects one or another region of the country.

Oral Questions

Mr. Bernard Bigras (Rosemont—Petite-Patrie, BQ): Mr. Speaker, we have just seen what the federal government has given in the past to Alberta, Newfoundland and Ontario. Now that the damage is known, they are proposing an unfair plan that could add 3 cents a barrel to the price of producing oil, and \$4.73 a tonne to the price of producing aluminum.

How can the minister justify an approach which is so unfair to those who have already made a huge effort and, what is more, without a single subsidy?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, in the past, the federal government has expended moneys from time to time, as well as creating taxation systems that have been very favourable to one or another region of the country.

Sometimes that region has been the province of Quebec, sometimes the maritimes. He is right about that. Sometimes it has been Alberta. It has been done and must be taken into consideration. We want to have a plan that does not adversely affect any region of the country and is fair to everyone.

* * *

[English]

THE ENVIRONMENT

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the environment commissioner has documented that the government is more consumed with public relations than with genuine progress when it comes to the environment.

Thirteen years ago alarm bells sounded on federal contaminated sites, yet today the government cannot even tell us how many sites are still contaminated. We are talking about 3,600 toxic time bombs ticking across the country under the government's watch.

What do we have? There is no plan for the federal government to clean up its own backyard. What is the government waiting for?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the hon. member has only partially put the case correctly to the House.

The fact is that we have had programs in place which have been spending approximately \$100 million a year to clean up contaminated sites. Yes, we have focused on some of the most difficult and problematic areas. It is true that there are some areas of northern Canada where there may be one barrel with a minor amount of fuel in it which still counts as a contaminated site.

We have not done everything that we need to do in this area. That is why the Speech from the Throne said that we intend to do more.

• (1425)

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the fact is that the fiscal deficit come hell or high water strategy sure is not matched when it comes to reducing the environmental deficit. The environment minister said himself that his government is not well funded. Well, he can say that again. The government wants to look like a tree but it smells like a sewer.

Why is there no plan: first, on Kyoto and now, on contaminated sites cleanup? Or is the plan to have no plan?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, the hon. member is very colourful in her descriptions but I think she should remember that in fact it is not possible to continue at levels of expenditure which would constantly put a government in deficit.

It has been a tough job to bring the government into a surplus position so we can pay down the debt on the financial side. It is true that we still have environmental objectives to be met. That is why the Speech from the Throne so clearly emphasized the environment, and why the public has been so responsive to that speech.

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SOLICITOR GENERAL OF CANADA

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Prime Minister. Has the Prime Minister yet made a decision on the conduct of the Solicitor General, and has the Solicitor General resigned?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, a few minutes ago I received a letter from the Solicitor General and with great regret, I have accepted his resignation.

In the case involving Mr. Nicholson, the ethics counsellor said that the Solicitor General had not broken any guidelines but that in the case—

Some hon. members: Oh, oh.

Right Hon. Jean Chrétien: I'm reporting what he said.

In the case of a public institution owned by the provincial government, the ethics counsellor said that he should not have intervened. To that, the minister disagreed and said that he was resigning because he did not want to defend himself in the House of Commons. He wants to defend himself outside the House of Commons. It is not because he wants to keep his seat, it is—

The Speaker: The right Hon. member for Calgary Centre.

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, the Prime Minister referred to the report of the ethics counsellor. Would he, following the practices of the House, table that report in the House of Commons?

Would he also undertake to ask the Auditor General to conduct a full forensic audit of the activities that have been discussed in the House relating to the solicitor general and his behaviour which has led to the report by the ethics counsellor and led to his resignation?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I said in my reply to the solicitor general that I agreed with him, that he had done absolutely nothing wrong and that he had defended the people of P.E.I. He defended the interests of the people of this little province who needed help from the federal government, but in the interest of good governance, he did not want to create the impression that he was fighting for his seat. He will be fighting for his honour. He has been a great minister and I am proud that he served in my cabinet.

THE ENVIRONMENT

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, here is what the environment commissioner said in a report today about contaminated sites, and I quote, “This government does not have the firm commitment and leadership, and an action plan essential to timely clean up of high-risk contaminated sites”.

The government has been judged and been found wanting. Why should Canadians give the government a blank cheque for Kyoto when it has been proven incompetent at cleaning up real environmental problems?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, I would suggest to the hon. member that the problem of climate change is a real environmental problem. It is true it is a long term issue but it is a very important one.

I would suggest to him also that he read the Speech from the Throne in which it is clearly indicated that the government intends to have new initiatives to deal with contaminated sites, and I welcome his party's willingness to ensure that funds are available for that purpose.

• (1430)

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, the government is great on words but little on action. That is really what the commissioner said today.

The environment commissioner said that she has huge concerns that we have a huge environmental deficit which we are leaving for future generations. The deficit is resulting in declining fish stocks, polluted air sheds, contaminated sites and the mishandling of toxic substances.

Kyoto will not address any one of these problems and any of the others today. Why is the government about to ratify Kyoto when it has failed miserably on environmental issues which are affecting the health of Canadians today?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, once more I suggest that the hon. member consider some of the short term issues and some of the long term issues. The fact is that climate change is a fundamental long term issue on such things as fish stocks. I would point this out to him.

I would also point out to him that, while we accept and appreciate the work of the commissioner, the fact is that the world economic council sustainability index on quality of the environment, air, water, biodiversity and land, puts Canada number one in the world.

* * *

[Translation]

FOREIGN AFFAIRS

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, yesterday the Minister of Foreign Affairs recognized that Algeria was still an unsafe country, yet the Minister of Citizenship and Immigration said that the lifting of the moratorium on deportations:

—reflects the conclusions of our assessment that there is no risk to citizens of Algeria who are removed.

Oral Questions

Will the Prime Minister tell us which of these positions most closely reflects his policy: that of the Minister of Citizenship and Immigration or that of the Minister of Foreign Affairs? Who is right?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the assessment that was done was based on an in-depth study. Incidentally, Canada is not the only country to have lifted its moratorium in the case of Algeria; so have France, Spain, Germany, Sweden, Denmark and Belgium.

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, the minister decided to intervene in the Seddiki case in Montreal and to suspend the deportation order, preferring, apparently, a case-by-case approach.

What we are looking for from the minister is consistency. On the one hand, the government is saying that a Canadian child of Algerian parents should avoid the country, yet it is saying the opposite to the parents by deporting them.

Does this example of inconsistency not justify reimposing the moratorium as soon as possible?

Hon. Denis Coderre (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I will be extremely cautious in my comments on this case.

First, from the outset, I have said that our role is to stabilize the system, to find the right balance between openness and vigilance.

We want to take the case-by-case approach because we are against a blanket amnesty, but we are also against blanket deportation. However, we will study each case individually. Based on information I have received, I feel that I should look into this further. When the time is right, we will provide the needed information.

* * *

[English]

SOLICITOR GENERAL OF CANADA

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, we just had the highly unusual exercise of being informed indirectly about the resignation of a minister, a minister we are now told was the greatest and most honest minister—

Some hon. members: Oh, oh.

The Speaker: Order, please. We have to be able to hear the question and somebody has to be able to answer it. The hon. Leader of the Opposition has the floor. We will want to hear the question.

Mr. Stephen Harper: We would think, Mr. Speaker, if they had a ministerial resignation to announce, it would be announced, not heard back in the lobby on *NewsWorld*.

My question is simple. Since this is, according to the Prime Minister, the most honest minister in cabinet, would he agree to table the report on the former solicitor general's activities by the ethics counsellor?

Oral Questions

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is very difficult to say that I am not public when I come in and announce it in the House of Commons. I should be appreciated for that. I was waiting for a question and they were not preoccupied with that.

We have made public the letter that was sent to me and my reply, and the correspondence between him and the ethics counsellor. I received the report from the ethics counsellor. He is a counsellor to me. When he is advising me, the ministers, the members of parliament or bureaucrats, these communications are privileged between the adviser and the Prime Minister.

* * *

● (1435)

ETHICS

Mr. Stephen Harper (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I guess we are establishing a new tradition that the members of cabinet remain secret unless we ask about the latest changes.

This scandal dragged on for three weeks with considerable damage to the government. Does the Prime Minister admit that we could avoid this kind of thing in the future if he would agree to the opposition's longstanding demands, to his own 1993 election promise, and agree to have a fully independent ethics commissioner?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, in June of this year I announced in the House of Commons in a speech that I was proceeding with a package on ethics. It will be introduced tomorrow in the House of Commons by the Deputy Prime Minister.

We have worked on it during the summer and in the last weeks. We are ready, and tomorrow the Deputy Prime Minister will introduce it in the House of Commons.

* * *

[Translation]

TAXATION

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the federal government's mismanagement in the matter of the mistake at the Canada Customs and Revenue Agency will cost Quebec nearly \$500 million this year, and in excess of \$2 billion over the next decade. While Ontario will refund only part of the overpayment over a 10-year period starting only in 2005, Quebec must pay back immediately.

Is the Minister of Finance prepared to reconsider his decision in this matter, and does he intend to show Quebec the same flexibility he showed Ontario regarding the overpayment refund?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, we have a procedure for these kinds of situations, so that all the provinces are treated in a fair and equitable manner. Where Quebec is concerned, they do not have a single cent to pay back; so, it is not much of a problem for them.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, how does the Minister of Finance explain this different treatment for the various

provinces when it was his government's mistake? The government is the one responsible for the problem.

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, there was an error. It was identified by the Auditor General. Where Quebec is concerned, however, instead of asking for \$600 million to be paid back, we found a way not to ask the Province of Quebec for a single penny. It can therefore take 10 years, if it so desires, to pay back not a single cent.

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[English]

GOVERNMENT CONTRACTS

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, the Prime Minister justified swiftly dumping the former defence minister by saying he could not give contracts to his friends. Obviously it pays to be a political ally of the Prime Minister. The former solicitor general did exactly that. He awarded a \$140,000 contract to a friend, and yet the Prime Minister stands in the House and defends the former solicitor general.

What is the difference between what the former defence minister did and what the former solicitor general did?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is very clear. The contract was with the former deputy minister, Mr. Nicholson. It was done according to all Treasury Board requirements. The ethics counsellor said that nothing at all in this transaction was against the rules or in conflict of interest.

Mr. Kevin Sorenson (Crowfoot, Canadian Alliance): Mr. Speaker, the Prime Minister stood in the House and suggested that the former solicitor general was the most honest of all the cabinet ministers on the front row. That is a sad commentary on the front row of this Liberal government.

When can the Canadian public expect then further resignations or, at least, when can we expect the Prime Minister to table the report of the ethics counsellor report here in Parliament?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the ethics counsellor advises members of Parliament, ministers, bureaucrats and so on. He is a counsellor to all of us. These are privileged communications. As the Leader of the Opposition said last week, at the end of the day it is the responsibility of the Prime Minister and I always accept my responsibilities.

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● (1440)

NORTH KOREA

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, my question is for the Minister of Foreign Affairs. The world has recently discovered that North Korea has secretly developed a weapon of mass destruction and has admitted to the capability to manufacture nuclear weapons. Reports state that the North Koreans presently have at least two long range nuclear weapons.

Will the minister explain to the House what effect this will have on Canada's foreign policy in the region and what action has been taken to face this challenge?

Oral Questions

Hon. Bill Graham (Minister of Foreign Affairs, Lib.): Mr. Speaker, we are obviously very concerned by the recent developments arising out of North Korea. We have communicated to the republic of North Korea the fact that the normalization of relations with North Korea will entirely depend upon its abandoning these weapons of mass destruction and its present program.

We continue to provide humanitarian aid for people in that country who are suffering. We have made it clear to that administration and those people that for them to enter into the family of nations and have regular contacts we must be assured that they are not a threat to the peace and security in the region. I am confident that we will continue to do so.

* * *

POST-SECONDARY EDUCATION

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, post-secondary education is less affordable today than at any time in the last 60 years. These are the shocking facts from the CAUT study. In fact, 67% of tuition fee increases in the last decade alone are a direct result of the massive retreat of federal funding. Access denied is the real legacy that young people are struggling with.

How does the Prime Minister intend to reverse his government's disastrous access denied policies to demonstrate that education is not just a privilege for those who can afford it?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, access to post-secondary education must be a priority for all Canadians. I would remind the hon. member that the setting of tuition fees is strictly a provincial jurisdiction.

Having said that, the Government of Canada has taken significant steps to help Canadians continue on with their education. We have invested over \$2 billion in the millennium scholarship program. Every year we provide 350,000 Canadians with Canada student loans. We have also made significant changes to the tax regime to ensure that Canadians can and will have access to higher education.

* * *

[*Translation*]**EMPLOYMENT INSURANCE**

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, when in doubt about whether or not employment is insurable, Human Resources Development Canada asks the Canada Customs and Revenue Agency to study employment insurance applications.

Workers who wish to appeal the agency's decision can take their case to the Tax Court of Canada. Complainants must wait six to twelve months for their case to be heard. This is ridiculous.

My question is for the Minister of Justice. Will the government hire more judges for the court so that workers can have their cases heard within a reasonable and acceptable timeframe?

My question is direct and I would like a clear and direct answer.
[*English*]

Hon. Elinor Caplan (Minister of National Revenue, Lib.): Mr. Speaker, the federal tax court is available to any of those who wish to

take their case to that place. I assure the member that the caseload is one which is of concern to everyone and is monitored carefully.

* * *

THE ENVIRONMENT

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, the Commissioner of the Environment condemned the government's record on contaminated sites. Despite two superficial throne speech mentions the government does not even have a full inventory of contaminated sites, nor does it even know which ones pose a risk to human health. The government has no idea where to begin because there is not even a priority list. The only legacy the Prime Minister will leave future generations is his toxic legacy on the environment.

Will the Prime Minister commit to providing a long-term, stable funding program as outlined by Progressive Conservatives and demanded by the commissioner?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, as virtually all these contaminated sites were inherited by the government from the Conservatives I think that is a pretty stupid question to ask because it allows me to remind him—

Some hon. members: Oh, oh.

The Speaker: Order, please. That is the kind of opinion we do not need to hear expressed on the floor of the House. Hon. members may hold opinions but we do not have to say them all in language that is bordering on the unparliamentary. I hope the Minister of the Environment will revise his view.

Hon. David Anderson: Mr. Speaker, I certainly withdraw the words that are unparliamentary, but it is a curious question from that party.

We are spending about \$100 million on contaminated sites. The sites that have been chosen are priority sites. In fact, we are doing exactly that.

I would like to correct one thing that has been said earlier. There was a comment about the budget of Environment Canada. In fact the commissioner made an error in her calculations and did not include—

● (1445)

The Speaker: Order, please. I am afraid that will have to wait for another day. The hon. member for Cumberland—Colchester.

* * *

PERSONS WITH DISABILITIES

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I hope I get the opportunity to ask two questions because the minister gets the opportunity to give two answers.

Oral Questions

I just sent over a copy of the *Truro Daily News* to the Minister of National Revenue, showing a picture of Don Pryor holding his artificial leg in the air. The headline reads "No longer disabled according to the new rules". For 20 years Don Pryor qualified for the disability tax credit. Now the minister has determined he is no longer disabled.

What criteria does the minister use to determine that a man who was run over by a train, lost a leg, and suffered a lot of other injuries is now no longer disabled?

Hon. Elinor Caplan (Minister of National Revenue, Lib.): Mr. Speaker, the administration of the tax credit for those who suffer from a serious disability which impairs their activities and daily living is the responsibility of CCRA.

We are auditing that program as we have the responsibility to do, but I want to assure the member opposite, and all members of this House, that our goal is to ensure that those who are entitled to the credit receive it. I think he would support that. Those who are not entitled to the credit do have the opportunity to appeal that decision in the appropriate manner.

* * *

HEALTH

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, when it comes to health care reform the only advice the government seems to be willing to listen to is to raise taxes. That is rather curious.

The Romanow commission is making noises about raising the GST. The Kirby commission wants to either raise income taxes, the GST or bring in a new dedicated health tax. However both commissions seem to be working long nights to help the Minister of Finance get down from the Peace Tower so he does not have to jump.

What is the government's prescription for health care that will rule out raising taxes?

Hon. Anne McLellan (Minister of Health, Lib.): Mr. Speaker, the government has made it very clear that we are committed to working with the provinces and territories to ensure that we have a renewed health care system which is sustainable.

We know what Canadians want. They want a publicly financed, high quality and accessible system. We are awaiting the recommendations of Kirby and Romanow. They, among others, will help us, the provinces and territories move forward.

Mr. Charlie Penson (Peace River, Canadian Alliance): Mr. Speaker, it seems to me that she did not rule out raising taxes. That was the question.

The main reason the government has shortchanged health care is because it has its priorities all wrong. It is too busy pork-barrelling. The government has a spending problem. It does not have a revenue problem, it has a spending problem. That is the problem that the government has.

Will the government commit today, when the finance minister stands in the House, and tell the House and commit to the House that any new dollars for health care will come from a reallocation of existing programs rather than levying higher taxes on Canadians?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, I may not be as old as the hon. member but I can tell him that with the exception of one year the government's spending as a percentage of our GDP is the lowest that it has been in my lifetime.

We do not really have a spending problem when we look at it that way. In fact, the controls that we have had in spending over the last number of years have resulted in us being the only G-7 country that continues to run a surplus at a time when others, including our neighbours to the south, have turned surpluses into deficits. He ought to be applauding us.

* * *

[Translation]

INTERNATIONAL TRADE

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, our ability to take action on health and the environment is once again being challenged because of chapter 11 of NAFTA. While a study shows that the government could be sued following a possible health system reform, a court just sentenced Canada to pay over \$8 million to S.D. Myers for issuing an order on the export of PCBs.

Can the Minister for International Trade assure us that provisions similar to those in NAFTA's chapter 11 will not be included in other agreements such as the FTAA?

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, allow me to briefly answer each of the questions raised by the hon. member for Mercier.

As regards S.D. Myers, our government has already decided to go before the Federal Court. We have already made the decision to go before the Federal Court and we are waiting for the outcome of this process. So, let us wait before jumping to conclusions.

As for health, I keep repeating it: even though this may be mentioned in a report, Canada's health system and the Canada Health Act are not threatened by our international agreements, by the free trade area, by GATT or by the World Trade Organization, neither in its current form nor in its future form.

● (1450)

Ms. Francine Lalonde (Mercier, BQ): Mr. Speaker, in July 2001, the minister signed a totally inadequate agreement on the interpretation of chapter 11 of NAFTA.

Instead of trying to plug loopholes, will the minister commit to taking firm action to preserve the power of governments and parliamentarians to act to protect the public interest, by ensuring that the controversial provisions of NAFTA's chapter 11 are not included in other agreements? That is the question.

Hon. Pierre Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, as regards the protection of investments, all those who believe in development in this world know full well that investment rules are required, so that capital can get into certain countries.

We want investment rules. We ourselves, that is Canada, have taken the initiative of convincing Mexico and the United States to propose interpretation clauses to clarify chapter 11. We are the ones who managed to get this interpretation clause at the most recent meeting of the trilateral commission, last year.

Obviously, we will continue to use our past experience in the coming—

The Speaker: The hon. member for Blackstrap.

* * *

[English]

GRAIN TRANSPORTATION

Mrs. Lynne Yelich (Blackstrap, Canadian Alliance): Mr. Speaker, grain handlers have been locked out of the port of Vancouver since August. In addition to the drought, farmers are taking another hit as they are caught in between a labour-management dispute and face added costs due to late contract penalties. The Canadian Alliance has repeatedly called for final offer arbitration as a means of resolving these types of disputes. The drought was a natural disaster, but the lockout at Vancouver is completely preventable.

Why will the government not implement final offer selection arbitration?

Hon. Claudette Bradshaw (Minister of Labour, Lib.): Mr. Speaker, on this side of the House we believe in collective bargaining. Collective bargaining means the employees and the employers solve their own problems without our interference. I am pleased to say that the parties agreed to resume direct negotiations on October 21.

Mrs. Lynne Yelich (Blackstrap, Canadian Alliance): Mr. Speaker, it is not working. The grain and oilseed sector of the farm economy has been decimated. Grain shipments have been halted. Canadian producers cannot withstand the loss of confidence in some of their major international buyers when the supply of grain is interrupted.

Why is the government willing to risk losing our valuable international customers?

Hon. Claudette Bradshaw (Minister of Labour, Lib.): Mr. Speaker, we made sure that the grain would be able to be exported. Prince Rupert was open for that. We worked very closely with both parties to ensure that would happen.

Again, on this side of the House we believe in collective agreements. We believe that is the way to go and we will continue to believe that.

* * *

COMMITTEES OF THE HOUSE

Mr. Alan Tonks (York South—Weston, Lib.): Mr. Speaker, my question is for the government House leader.

Yesterday in a curious manoeuvre the Canadian Alliance denied unanimous consent to have all standing committees up and running by refusing to concur in the report to establish membership.

Oral Questions

Can the minister tell the House and all Canadians when the standing committees will finally be able to get on with the work of the House of Commons for all Canadians?

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, it is unfortunate that four of the five parties in the House of Commons are trying to get some work done around here.

One party refuses to hear about national defence issues. It refuses to talk about the environment which it pretends is so important. It refuses to talk about health. It refuses to talk about natural resources. We can only conclude that it would prefer to stay home and do nothing.

* * *

ABORIGINAL AFFAIRS

Mr. Andy Burton (Skeena, Canadian Alliance): Mr. Speaker, the Kitkatla Indian band in my riding of Skeena currently owes School District 52 well over half a million dollars for educational services provided to its band members. The Department of Indian and Northern Affairs provides funding to Indian bands to meet their education agreements. Yet the minister's officials refuse to force this band to pay its debt to the school district saying that it is not a matter in which INAC will be involving itself.

Why will the Minister of Indian Affairs and Northern Development not step in and demand accountability for taxpayer dollars in this case?

• (1455)

Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I think the member would agree with me that accountability is a two-way street. One of the issues that is being debated between the public school board and the first nation is the curriculum and the issues dealing with the children themselves. That is an issue that should be resolved between the school board and the band. That is the way we will build the relationship in this country.

Mr. Andy Burton (Skeena, Canadian Alliance): Mr. Speaker, regardless of that, the onus is on the minister and his department to resolve these issues. Federal moneys transferred to Indian bands must be accounted for. The B.C. Supreme Court has ruled that INAC must ensure that Indian bands use their federal funding for its intended purposes.

Why will the minister not abide by the B.C. Supreme Court ruling, recover the funds sent to the board, and send the moneys directly to the school district?

Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I can account for every nickel that particular band has spent on education, but that is not the issue. What the member is trying to do is confuse the real issue. The real issue is that there is a dispute between that school board and that band on education issues and it should be resolved at that level.

Oral Questions

[Translation]

HIGHWAY INFRASTRUCTURE

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, in the announcement he made during the summer of 2002 on the investment in the Trans-Canada Highway in New Brunswick, the Prime Minister said that highway 185 could wait one year, two years, five years.

Since that statement was made, five more people have been killed on highway 185, a highway that has already claimed 90 lives over the past 10 years.

Today, what does the Prime Minister have to say to Mrs. L'Italien, her daughter and the parents of the other victims, who have come to Ottawa to ask him to announce as soon as possible how much the federal government will invest to stop the deaths on highway 185?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, there is funding for this highway as part of the funding for the national highway infrastructure, that is the Strategic Highway Infrastructure Program. Unfortunately, the Government of Quebec did not sign the agreement with the federal government, but we will carry on the discussions. However, there is funding, and I hope this project will soon be completed.

* * *

[English]

ENVIRONMENT CANADA

Mr. John Godfrey (Don Valley West, Lib.): Mr. Speaker, I was so intrigued by the beginnings of a response by the Minister of the Environment that I fear I must push him hard on this point.

Is it or is it not true that the budget of the Department of the Environment has been cut by 40% as suggested in the recent report of the commissioner on the environment?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, that is the best question I have had today.

I would like to point out that in fact an error was made in the calculations and they did not take into account, in calculating this 40% drop in income to Environment Canada, the fact that Heritage Canada took over the National Battlefields Commission and also Parks Canada. Thus the difference in figures between 1992-93 and 2000-01 is 6%, not 40%.

* * *

EMPLOYMENT INSURANCE

Mr. Jim Pankiw (Saskatoon—Humboldt, Ind.): Mr. Speaker, employment insurance premiums are 25% more than what the EI fund actually requires. This overcontribution from employers and employees amounts to a whopping \$5 billion each year. As a result, the total amount of money taken by this annual rip-off will reach \$46 billion this year.

Does the government plan to ever repay the money that has been unfairly confiscated from the paycheques of hardworking taxpayers and businesses?

Hon. John Manley (Deputy Prime Minister and Minister of Finance, Lib.): Mr. Speaker, the hon. member will know that the

issue of determining the level at which premiums should be charged has been dealt with in the House and recommendations have been made by the finance committee in the past. I am currently reviewing the situation, which he knows is in effect for this year, but changes in the method will have to be contemplated for a permanent solution.

* * *

FISHERIES

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, on the west coast of British Columbia on the Adams River a crisis is going on with the surplus of sockeye salmon going up. The reality is that 1,500 commercial fishermen and their boathands were denied access to their livelihood, to catch those salmon when they were out on the ocean. That represents a loss of \$150 million to the B.C. and Canadian economy.

Will the hon. Minister of Fisheries and Oceans now call an inquiry to make sure this type of incident never happens again?

● (1500)

Hon. Robert Thibault (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, this would be the first time we have had to ask for an inquiry because of too many fish.

Sockeye salmon is a difficult species to manage because it intermingles with a bunch of other species. There was a high mortality rate in the last few years in river reef-spawning. I am very happy that did not happen this year. We are doing a post-season analysis to see if we can improve our management practices. However I cannot take responsibility for this. The Minister of the Environment is to blame. It was under his direction as the former minister of fisheries that he made the difficult decisions in 1998 which resulted in too many fish today.

* * *

SAFETY STANDARDS

Mr. Rex Barnes (Gander—Grand Falls, PC): Mr. Speaker, the Minister of Transport is allowing the sale of 11 models of Cosco infant car seats that are improperly manufactured.

The minister has been aware of the danger posed to children's necks and backs for nearly three months. His own officials have stated that the models do not comply with Transport Canada regulations. Parents are still buying this defective product from major retailers. There are no repair kits and no warnings of the danger. The parliamentary secretary promised to rectify this situation.

Will the minister direct his officials today to take the necessary steps to have this product removed from the shelves?

Hon. David Collenette (Minister of Transport, Lib.): Mr. Speaker, the manufacturer and my department have thoroughly investigated this particular matter and the evidence does not indicate the presence of a safety related defect. The seat will increase the child's safety in the event of a collision. It was a highly technical response but I am glad to give it and put the hon. member's concerns to rest.

PRESENCE IN GALLERY

The Speaker: I wish to draw to the attention of hon. members the presence in the gallery of His Excellency Uthai Pimjaichon, Speaker of the House of Representatives and President of the National Assembly of the Kingdom of Thailand and his delegation.

Some hon. members: Hear, hear.

The Speaker: I also wish to draw to the attention of hon. members the presence in the gallery of Mr. Elwin Hermanson, Leader of Her Majesty's Loyal Opposition in the Legislature of the Province of Saskatchewan.

Some hon. members: Hear, hear.

SPEECH FROM THE THRONE

[*Translation*]

RESUMPTION OF DEBATE ON ADDRESS IN REPLY

The House resumed from October 11 consideration of the motion for an address to Her Excellency the Governor General in reply to her speech at the opening of the session.

The Speaker: It being 3 p.m., pursuant to the order made on Friday, October 11, 2002, the House will now proceed to the taking of the deferred recorded division on the motion on the Address in Reply to the Speech from the Throne.

Call in the members.

• (1510)

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 8*)

YEAS

Members

Adams	Alcock
Allard	Anderson (Victoria)
Assad	Assadourian
Augustine	Bagnell
Bakopanos	Barnes (London West)
Bélanger	Bellemare
Bennett	Bertrand
Bevilacqua	Binet
Blondin-Andrew	Bonin
Bonwick	Boudria
Bradshaw	Brown
Bryden	Bulte
Byrne	Caccia
Calder	Cannis
Caplan	Carignan
Carroll	Castonguay
Catterall	Cauchon
Charbonneau	Chrétien
Coderre	Collenette
Comuzzi	Copps
Cotler	Cullen
Cuzner	DeVillers
Dion	Dromisky
Drouin	Duplain
Easter	Efford
Eggleton	Eyking
Farrah	Finlay
Fontana	Frulla
Fry	Galloway

Godfrey	Goodale
Graham	Grose
Harvard	Harvey
Hubbard	Jackson
Jordan	Keyes
Kraft Sloan	Laliberte
LeBlanc	Lee
Leung	Lincoln
Longfield	Macklin
Mahoney	Malhi
Maloney	Manley
Marcil	Marleau
Martin (LaSalle—Émard)	Matthews
McCallum	McCormick
McGuire	McKay (Scarborough East)
McLellan	McTeague
Minna	Mitchell
Murphy	Myers
Nault	Neville
O'Brien (London—Fanshawe)	O'Reilly
Owen	Pagtakhan
Patry	Peterson
Pettigrew	Phinney
Pickard (Chatham—Kent Essex)	Pillitteri
Pratt	Priest
Proulx	Provenzano
Redman	Reed (Halton)
Regan	Robillard
Rock	Saada
Savoy	Scherrer
Scott	Serré
Sgro	Shepherd
Simard	Speller
St-Julien	St. Denis
Steele	Stewart
Szabo	Telegdi
Thibault (West Nova)	Thibeault (Saint-Lambert)
Tirabassi	Tonks
Torsney	Ur
Valeri	Volpe
Wappel	Whelan
Wilfert	Wood — 142

The Address

NAYS

Members

Anderson (Cypress Hills—Grasslands)	Bachand (Saint-Jean)
Bachand (Richmond—Arthabaska)	Bailey
Barnes (Gander—Grand Falls)	Benoit
Bigras	Borotsik
Bourgeois	Breitkreuz
Brisson	Burton
Cadman	Cardin
Chatters	Clark
Crête	Davies
Desjarlais	Desrochers
Doyle	Dubé
Duceppe	Duncan
Elley	Epp
Fitzpatrick	Forseth
Fournier	Gagnon (Québec)
Gallant	Girard-Bujold
Godin	Goldring
Grewal	Grey
Guay	Guimond
Harper	Harris
Hearn	Herron
Hill (Prince George—Peace River)	Hill (MacLeod)
Hilstrom	Johnston
Keddy (South Shore)	Lafambe
Lalonde	Lanctôt
Lebel	Loubier
Lunn (Saanich—Gulf Islands)	Lunney (Nanaimo—Alberni)
MacKay (Pictou—Antigonish—Guysborough)	Marceau
Mark	Martin (Esquimalt—Juan de Fuca)
Masse	Ménard
Meredith	Merrifield
Mills (Red Deer)	Moore
Obhrai	Pallister
Paquette	Penson
Perron	Picard (Drummond)
Plamondon	Proctor
Rajotte	Reid (Lanark—Carleton)

Government Orders

Reynolds	Ritz
Robinson	Rocheleau
Roy	Schmidt
Skelton	Solberg
Sorenson	Spencer
Stinson	Stoffer
Strahl	Thompson (New Brunswick Southwest)
Toews	Vellacott
Venne	Wayne
White (Langley—Abbotsford)	Williams
Yelich — 95	

PAIRED

Nil

The Speaker: I declare the motion carried.

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to our conventions, I wish to move, seconded by the hon. member for West Vancouver—Sunshine Coast:

That the address be engrossed and presented to Her Excellency the Governor General by the Speaker.

The Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

(Motion agreed to)

GOVERNMENT ORDERS
[*English*]
YUKON ENVIRONMENTAL AND SOCIO-ECONOMIC ASSESSMENT ACT

The House resumed from October 21 consideration of the motion that Bill C-2, an act to establish a process for assessing the environmental and socio-economic effects of certain activities in Yukon, be read the second time and referred to a committee.

The Speaker: The House will now proceed to the taking of the deferred recorded division on the motion at second reading of Bill C-2.

Ms. Marlene Catterall: Mr. Speaker, I think if you seek it you would find consent in the House that those who voted on the previous motion be recorded as voting on the motion now before the House, with the Liberals voting yes, with the exception of the hon. member for LaSalle—Émard who had to leave the chamber and with the addition of the hon. member for Scarborough—Agincourt.

• (1515)

The Speaker: Is there unanimous consent to proceed in this fashion?

Some hon. members: Agreed.

Mr. Dale Johnston: Mr. Speaker, I would like to add the member for Calgary West to our ranks in this motion.

The Speaker: Voting nay? The hon. member said nay.

[*Translation*]

Mr. Michel Guimond: Mr. Speaker, the members of the Bloc Québécois vote yes on this motion.

Mr. Yvon Godin: Mr. Speaker, the members of the NDP vote yes to this motion. We would like the vote of the member for Winnipeg Centre to be added.

Mr. Rick Borotsik: Mr. Speaker, the members of the Progressive Conservative Party vote yes to this motion.

Mr. Ghislain Lebel: Mr. Speaker, I vote yes to this motion.

Mr. Jean-Guy Carignan: Mr. Speaker, I vote yes to this motion.

[*English*]

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 9)

YEAS

Members

Adams	Alcock
Allard	Anderson (Victoria)
Assad	Assadourian
Augustine	Bachand (Saint-Jean)
Bachand (Richmond—Arthabaska)	Bagnell
Bakopanos	Barnes (London West)
Barnes (Gander—Grand Falls)	Bélangier
Bellemare	Bennett
Bertrand	Bevilacqua
Bigras	Binet
Blondin-Andrew	Bonin
Bonwick	Borotsik
Boudria	Bourgeois
Bradshaw	Brison
Brown	Bryden
Bulte	Byrne
Caccia	Calder
Cannis	Caplan
Cardin	Carignan
Carroll	Castonguay
Catterall	Cauchon
Charbonneau	Chrétien
Clark	Coderre
Collenette	Comuzzi
Copps	Cotler
Crête	Cullen
Cuzner	Davies
Desjarlais	Desrochers
DeVillers	Dion
Doyle	Dromisky
Drouin	Dubé
Duceppe	Duplain
Easter	Efford
Eggleton	Eyking
Farrar	Finlay
Fontana	Fournier
Frulla	Fry
Gagnon (Québec)	Galloway
Girard-Bujold	Godfrey
Godin	Goodale
Graham	Grose
Guay	Guimond
Harvard	Harvey
Hearn	Herron
Hubbard	Jackson
Jordan	Karygiannis
Keddy (South Shore)	Keyes
Kraft Sloan	Laframboise
Laliberte	Lalonde
Lanctôt	Lebel
LeBlanc	Lee
Leung	Lincoln
Longfield	Loubier
MacKay (Pictou—Antigonish—Guysborough)	Macklin
Mahoney	Malhi
Maloney	Manley
Marceau	Marcil
Mark	Marleau
Martin (Winnipeg Centre)	Masse
Matthews	McCallum

Points of Order

Before we proceed to orders of the day, the hon. member for West Vancouver—Sunshine Coast is rising on a point of order.

* * *

POINTS OF ORDER

FIRST REPORT OF PROCEDURE AND HOUSE AFFAIRS COMMITTEE

Mr. John Reynolds (West Vancouver—Sunshine Coast, Canadian Alliance): Mr. Speaker, my point of order pertains to the attempt by the government House leader to adopt the report of the striking committee with Standing Order 56.1 this morning during routine proceedings.

My point of order will address three issues: first, the minister moved the motion during the tabling of documents and I would argue that he should only be able to move a motion under Standing Order 56.1 at the rubric “Motions”; second, unanimous consent was not requested on the day he moved his motion, and I would like you to rule on the admissibility of proceeding this way; and third, I will be arguing that Standing Order 56.1 cannot be used to adopt a committee report.

Standing Order 56.1 reads:

In relation to any routine motion for the presentation of which unanimous consent is required and has been denied, a Minister of the Crown may request during Routine Proceedings that the Speaker propose the said question to the House.

Section (b) states:

For the purposes of this Standing Order, “routine motion” shall be understood to mean any motion, made upon Routine Proceedings, which may be required for the observance of the proprieties of the House, the maintenance of its authority, the management of its business, the arrangement of its proceedings, the establishing of the powers of its committees, the correctness of its records or the fixing of its sitting days or the times of its meeting or adjournment.

All of those items, while open to interpretation and, as we have witnessed in the past, open to abuse, all of those items, I would argue, would have to be moved under motions. Routine proceedings, as Marleau and Montpetit describe at page 365:

...is a time in the daily schedule when business of a basic nature is considered... This segment of the daily program consists of separate headings or rubrics called by the Speaker each day and considered in succession.

The footnote on page 366 states:

...the Minister or Member may seek unanimous consent to revert to a specific rubric under Routine Proceedings to table a document or present a committee report, make a statement, present a petition or move a motion.

In other words, routine proceedings is not a free-for-all. There is an order established and the rubrics are clearly labelled: during the tabling of documents, one tables a document; at statements by ministers, statements are made; and we present reports during presentation of reports, petitions at petitions, and we move motions at motions.

McCormick
McKay (Scarborough East)
McTeague
Minna
Murphy
Nault
O'Brien (London—Fanshawe)
Owen
Paquette
Perron
Pettigrew
Picard (Drummond)
Pillitteri
Pratt
Proctor
Provenzano
Reed (Halton)
Robillard
Rocheleau
Roy
Savoy
Scott
Sgro
Simard
St-Julien
Steckle
Stoffer
Telegdi
Thibeault (Saint-Lambert)
Tirabassi
Torsney
Valeri
Volpe
Wayne
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Ménard
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Martin (Esquimalt—Juan de Fuca)
Merrifield
Moore
Pallister
Rajotte
Reynolds
Schmidt
Solberg
Spencer
Strahl
Vellacott
Williams

PAIRED

Nil

The Speaker: I declare the motion carried.

[*Translation*]

Accordingly, the bill is referred to the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources.

(Bill, read the second time and referred to a committee)

[*English*]

The Speaker: I wish to inform the House that because of the deferred recorded divisions, government orders will be extended by 15 minutes.

Points of Order

My second point involves the moving of a motion under Standing Order 56.1 without giving the traditional heads-up of seeking unanimous consent first. Unanimous consent was sought yesterday but I do not think the House has ever entertained a motion under Standing Order 56.1 without the consent being sought on the day the motion is moved. Therefore, a precedent has been established that consent would have to be sought on the day the government intends on moving the motion.

My third point challenges the admissibility of the motion being moved under Standing Order 56.1. I would like to point out that Standing Order 56.1 has its limits. These limits are described in section (b) of that standing order. Marleau and Montpetit give examples of some motions that have been moved under Standing Order 56.1. We find them at page 571. Page 571 suggests that while the rule appears at first glance to have limits, its usage tells us a different story. I think what the authors are trying to say, in a very delicate and diplomatic way, is that the use of Standing Order 56.1 has gone way beyond what it was intended to be used for.

You confirmed this in your ruling, Mr. Speaker, of June 12, 2001. You addressed the matter of the expanded use of Standing Order 56.1 and you suggested that it should be restricted to the arrangement of the business of the House. You stated in your ruling that the standing order should never be used as a substitute for a decision which the House ought itself to make on substantive matters.

Members of Parliament work very long and hard at committee and would be highly insulted if we regarded their reports as routine and not substantive.

This is a very serious matter, Mr. Speaker, and your ruling will be very significant. Members have been struggling to have their work taken seriously in the House. While we understand that the government does not respect their work, a ruling establishing their reports as routine and not worthy of debate would be disastrous procedurally; it would enhance the powers of the executive and diminish the importance of private members.

This motion is a motion to concur in a report of the Standing Committee on Procedure and House Affairs, which strikes all of the committees. First, there is a normal mechanism to deal with this report. After the report is tabled, a concurrence motion should be placed on the order paper.

● (1520)

After the proper notice period, the motion can be moved. There is nothing preventing the government from proceeding this way. In fact the chairman of the procedure and House affairs committee has a concurrence motion on the Order Paper and it is eligible to be moved tomorrow.

There are no extraordinary circumstances impeding the business of the House. The opposition is merely insisting that the rules of the House are obeyed and that it should not have to go to battle to ensure that the rules are upheld. The reason we have a notice period is to allow the House to be aware of the matter for which its consent is being sought.

This report contains 16 to 18 appointments per committee and there are 19 committees. There are numerous associate members

assigned per committee. As a result, this report contains over 1,200 separate decisions. I would argue that this is a substantive matter.

I do not think that Standing Order 56.1 can be used to adopt the report of the procedure and House affairs committee for two reasons: one, we are following the normal practice and there is no need to circumvent the process; and two, Mr. Speaker, this is a substantive matter and as you said in your ruling of June 12, 2001, Standing Order 56.1 should not be used as a substitute for a decision which the House itself ought to make.

The normal course of events should be followed because the Standing Committee on Procedure and House Affairs is considering an Alliance motion to conduct the elections of committee chairmen and vice-chairmen by secret ballot. If we adopt the striking committee report today, the committees will begin to organize before the Standing Committee on Procedure and House Affairs has decided on the process to be used to elect the chairmen and vice-chairmen.

It makes no sense to rush and adopt this report today. The House would be better served if its rules were followed to the letter. This is not one of those times when we should be circumventing the process.

In conclusion, the motion under Standing Order 56.1 should not be moved during the tabling of documents and should only be tabled under the rubric "Motions". Such unanimous consent was not requested on the day the motion was moved. The motion pursuant to Standing Order 56.1 should not be valid.

Finally, Standing Order 56.1 cannot be used to adopt the committee report since such reports are substantive. As I said earlier, the work of committee members is important and vital to this institution and we should grant members the respect they deserve. Their work is not routine. The government House leader thinks their work is routine and devoid of substance but we do not agree.

● (1525)

Hon. Don Boudria (Minister of State and Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I am almost tempted to argue that first, the point is moot because of course the motion was not carried and second, no one rose to challenge it immediately afterward, as we all know. In any case, let us get to a few of the points that were raised by the hon. member.

I am very familiar with Standing Order 56.1. It says in paragraph (b):

For the purposes of this Standing Order, "routine motion" shall be understood to mean any motion, made upon Routine Proceedings, which may be required for the observance of the proprieties of the House, the maintenance of its authority, the management of its business, the arrangement of its proceedings,—

—and get a load of this—

—the establishing of the powers of its committees—

It is specifically mentioned that this is an appropriate use of the standing order.

Second is the whole issue that it cannot be moved at that particular time. Let me deal with that. It only says:

In relation to any routine motion for the presentation of which unanimous consent is required and has been denied, a Minister of the Crown may request during Routine Proceedings—

It does not say under motions; it says during routine proceedings. May I suggest, Mr. Speaker, that if the motion was out of order at the time, no doubt the Chair would have told me at that point to put it under motions. Of course the Chair, which never makes a mistake about these matters, did not make such a ruling at the time, as we will note. That takes care of those two points.

There is another issue, a more substantive one, that was raised by the hon. member. He invokes that we should observe the rules. At the same time he is saying that a rule that does not yet exist and which he is proposing to a committee should be the reason we do not concur in the report in order to enable him and others, at least so he hopes, to change the rule or to make one exist that does not exist now and that therefore we should wait for it before moving on with the business of the House. That is a pretty confusing thought process on the part of hon. members and we do not agree with it.

We were told there is no pressing matter. There is a bill that was passed by the House unanimously yesterday and I thank all hon. members. It is on the Kimberley process.

There is a very short timeline to have legislation passed by the committee and subsequently at third reading, and then by the Senate, about a process that will end the diamond contraband in the world, or at least curb it so that people are not massacred in the way that they are now. It is something in which the House participated. That bill is stalled right now because the committees cannot start doing their work. That is just one example.

We passed another bill today, the Yukon bill. It was sent to committee. That committee cannot exist and so on.

I think all of us recognize there is an urgent need for the House to do its work. There is an urgent need for members to sit on their committees to represent their constituents. I do not think any of us should apologize for that. Furthermore, there is an almost unanimous determination; four out of five parties in the House want the committees to start and one party does not want the committees to start.

I do believe it was an appropriate use of the rule. Regrettably for this institution, regrettably for the committees and the legislation, the motion did not pass this morning but it does not mean that the process was wrong. It merely means that those who opposed it this morning were wrong, and that is not the same.

• (1530)

Mr. John Reynolds: Mr. Speaker, the minister states that the House has held up committees. We actually agreed to start two committees of the House because there were very important reasons that they be started. On the others, they can take their normal place of events in the House. We have not held up the committees of the House.

The Speaker: The Chair wants to thank the hon. member for West Vancouver—Sunshine Coast, the House leader for the official opposition, and of course the government House leader for their interventions on this matter.

Government Orders

I will take the issue under advisement. As the government House leader said, this matter was not raised yesterday when the motion was put to the House but I think it is a leap of faith on his part to conclude that the Chair never makes mistakes. It does happen from time to time and I am the first to admit it.

We will have to see what we can do. I will look at all the facts and get back to the House in due course on the matter.

GOVERNMENT ORDERS

[*Translation*]

NUCLEAR SAFETY AND CONTROL ACT

The House resumed from October 10 consideration of the motion that Bill C-4, An Act to amend the Nuclear Safety and Control Act, be read the second time and referred to a committee; and of the amendment.

Mr. Serge Cardin (Sherbrooke, BQ): Mr. Speaker, I had the opportunity on two occasions to speak to the bill formerly known as Bill C-57, which is now Bill C-4. This means that I was able to speak to this bill for more than 80 minutes. Now we must discuss the amendment put forward by my colleague from Jonquière to hoist this bill.

The last time I spoke to Bill C-4, I could not even finish because there were too many arguments in favour of its withdrawal and particularly in favour of a broad debate on the nuclear industry.

Today we have only ten minutes to speak to the amendment, and I must tell the House that this whole debate about the privatization of the nuclear industry could be postponed to a certain extent. We know that the purpose of this amendment proposed by the government is essentially to eliminate barriers to the privatization of the nuclear industry.

We have never had real debates on whether we should continue to invest in the nuclear industry and continue to try to fix, at an extravagant cost, nuclear generating stations that are in bad shape.

Privatization makes it easier to re-open nuclear plants that were quite rightly shut down. It also opens the door to the costly development of nuclear energy in Canada. I will digress for a minute. Atomic Energy Canada is for all intents and purposes a government entity. We can already see the emerging conflict of interest.

Obviously, we must look at reducing nuclear waste. Last year, we debated Bill C-27, regarding the long-term management of nuclear fuel waste. We have compelling evidence that this waste may last for years, even thousands of years, and we do not know how to dispose of it properly. We do not know how to lessen the potential impact on the environment and human health.

Government Orders

Continued reliance on nuclear energy increases even further the risks of environmental accidents, not only those linked to nuclear waste, but also all sorts of other accidents that might occur. Cases in point are Three Miles Island, Chernobyl and others. We also have national and international security concerns due to potential terrorist acts as well as the use of nuclear reactors to make nuclear bombs.

Since 1997, when the Nuclear Safety and Control Act was drafted, section 46.3 of the act in some ways limited the possibility for businesses or financiers to invest in nuclear energy. People say it was a drafting mistake. However, neither during the debate nor in committee was that ever mentioned. It can be easily said—not claimed, but said—that at the time the government was trying to prevent the private sector from investing in a major way, to promote nuclear energy. At that time, there was no debate either on whether or not we should continue to invest in nuclear energy, much less about private investment.

In the world we live in in 2002, we realize that an increasing number of countries are getting out of nuclear energy. The majority of countries in western Europe that use nuclear energy, except for France, have decided to stop doing so mainly because of the lack of solutions for disposing of spent fuel containing 1% of plutonium; this is true too of states relying heavily on nuclear energy such as Belgium where the percentage is 50% and Germany where it is 30%.

● (1535)

Promoters of nuclear energy often say that this form of energy is the solution to the greenhouse gas issue. We know that 30 per cent of Germany's energy used to come from the nuclear industry. Today, by terminating its nuclear program and its investments in the nuclear sector, Germany will have reduced its greenhouse gas emissions by 80 per cent by 2050. This is a high figure, considering that Germany will have been able to do this even without 30 per cent of the energy it used to get from the nuclear sector.

It is totally false to say that the reduction of greenhouse gas emissions is closely linked to the use of nuclear energy. As I have already said, nuclear energy brings its own long-term and very long-term problems. I will give a few examples.

Carbon 14 is a radioelement which can remain radioactive for as long as 5,500 years. Mr. Speaker, you will no longer be there to verify that carbon 14 is no longer radioactive. I can even tell you that you will no longer be there to see those thorium 232 elements which can remain radioactive for 14 billion years.

In 1997, no attention was given to whether or not to continue with nuclear energy. Now there is, but obviously they had refused to allow the private sector to invest in nuclear energy. Today, people are increasingly withdrawing from this sector. There were some pressures at that time, mainly from members of the public who refused to allow the transportation of plutonium, of MOX, through their communities. In addition, in Canada, the Seaborn report also pointed out the vigorous opposition of the general population to the burial of radioactive waste. If the population is opposed to the burial of nuclear waste, we should not support the passage of legislation promoting the financing and development of nuclear plants in Canada. These plants would produce even more nuclear waste, which could be expected to generate even more opposition among the public.

In light of what is happening today in all European countries, Canada should finally take a stand, once and for all, on the development of nuclear energy. We have learned recently that even the Swiss, much of whose electricity needs are met by nuclear plants, are going to make a decision on their nuclear program. Right now, Switzerland is the third most nuclear energy dependent country in the world, after Lithuania and France, with 40% of its electricity coming from nuclear plants. The Swiss will soon have a referendum to decide whether to maintain the existing moratorium or phase out nuclear energy by gradually closing down their five nuclear plants by 2014.

Today, we have before us a motion that this bill be postponed indefinitely, and that emphasis be placed on priority action. We should hold a comprehensive debate and consult the general public and organizations promoting renewable energies.

We realize more and more that renewable energies are here to stay. This industry creates thousands of jobs. For the same amount of energy production, it creates many more jobs than the nuclear industry. Wind energy can create many more jobs.

● (1540)

Renewable energies tap resources that are almost indefinitely renewable, like the sun, wind, water and the biomass, as well as energy sources from the depths of the earth.

To conclude, I urge the government to withdraw this bill and to hold a comprehensive debate on the future of nuclear energy in Canada and on the investment we must make in renewable energies.

[*English*]

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, on behalf of the New Democratic Party we would like to raise our concerns when it comes to the debate on nuclear power in this country and for that matter around the world.

We support any amendment that delays this procedure. The hoist amendment is something we would most definitely support in this particular case.

When we discuss the concerns of nuclear power it is ironic that today the environment commissioner sent out a report, indicating that there are probably over 3,600 toxic sites throughout the entire country and probably many more that we are unaware of.

The answer we get from the federal government is that it costs money. Many of these sites were identified 13 years ago and the government said it was money. It has delayed and delayed and now these sites are worse than they ever were before. Now it will cost even more money than it ever has before. The legacy of the government will be the toxins left behind for our children.

In question period today the Minister of the Environment said very clearly it appears it will be up to our children and their children's children to clean up the mess. That is a disaster.

Government Orders

When we correlate that to the nuclear power industry, we must look at the situation in Point Lepreau, New Brunswick. It recently did a study there and it said it will be close to \$900 million just to get that plant back up to speed. I say to my colleagues on my left here, it said that was a very conservative amount of money in that regard. The fact is it will cost much more.

The Alliance member for Renfrew—Nipissing—Pembroke who represents the Chalk River area says that nuclear power is safe and cheap. She is dead wrong on both counts. Nuclear power is not safe and it is not cheap.

The fact is that one little nuclear mishap can ruin this country's whole day, and for that matter and entire lifespan. We look at Three Mile Island, Chernobyl and other disasters around the world. Nuclear power has not been well taken care of.

I am not saying that the nuclear power industry is not a good corporate citizen in this country. It does follow regulations and everything else, but it is highly expensive when we take in all the parameters of nuclear power.

The government should be cleaning up nuclear power sites. If we look at what was on the news last night regarding Uranium City, that place is a radioactive, toxic dump waiting to create even more damage in the long term.

The uranium from there was used in nuclear power plants and nuclear weaponry. It was not even mentioned last night about all the people who worked at Uranium City and have died prematurely because of the various forms of cancer. That was ignored in last night's report. If anyone wished to delve more into the situation they would understand that nuclear energy and the digging of uranium is a dangerous and hazardous profession and one that leads to dire consequences down the road.

It was the Liberal government, when Sergio Marchi was the environment minister back in 1995, that changed the laws literally overnight. It had the candles burning all night in order to sell China two Candu reactors and offer them a \$1.5 billion Canadian loan to purchase those two nuclear reactors.

We were surprised when we sold other reactors to India and Pakistan and other areas of the world and then years later these countries developed the technology to develop nuclear weapons. We should not be surprised because we aided and abetted in that technology, whether we like to admit it or not. That is a shame on Canada's export record.

What we should be doing is whenever it is feasible and as quickly as possible to start to decommission these nuclear power plants and start reverting to more sustainable forms of energy, that is, solar or wind. We have the ability to do that now. It will cost money in the initial stages, but in the long run it will not only meet our Kyoto commitments, but it will save a tremendous amount of money for our grandchildren and their children after that.

That is important as we move, hopefully, in a cooperative manner toward a more sustainable future for our country and for that matter our planet.

●(1545)

One nuclear weapon going off in the wrong place can have disastrous consequences and now everyone is concerned about the so-called secretive North Korea developing nuclear weapon technology. That is not a secret. That has been rumoured for many years.

One has to ask the question: Where did North Korea get the plutonium, the uranium and everything else to develop that technology? Did it get it from China? Did it get it from other countries of the world? We are not quite sure. If we continue that trace we will probably correlate a lot of that uranium or plutonium back to Canada.

We have exported a lot of that technology for many years, so we should not be too surprised when we find out that so-called nations that are not of the greatest human rights variety would develop that type of technology and who knows what they have planned for that type of weaponry down the road.

All we know is that it is not a good thing to have nuclear weapons on our land or any other soil for that matter. What the government should be doing is reaching agreements around the world as quickly as possible to stand down these nuclear weapons and eventually decommission them so we could be rid of all nuclear weapons in this world once and for all. Anything that delays this type of procedure is good.

We must have further discussion and more clarification. We must have good consultation with Canadians across the country, with industry and with other power generating industries to allow them the opportunity to offer alternatives to nuclear power or nuclear energy. Those alternatives are in sustainable energy such as, wind, solar and many others.

We in Canada are still what is known as energy pigs. We still use far too much energy per capita than most other nations around the world. We as Canadians collectively have to turn off our lights, reduce the temperatures in our homes, reduce the use of our automobiles, et cetera. If we do not do that then we are continuously delaying the long-term environmental problems for our children. That is a legacy we do not want to leave our kids and we should not be doing that.

On behalf of our party we support the amendment to this particular bill and we hope it goes through. We would like the government to be a lot more responsible when it comes to the use of nuclear power in this country and also to the export of Candu reactors around the world.

[*Translation*]

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, I am pleased to have the opportunity to speak today in support of the amendment put forward by my colleague from Jonquière. The purpose of the amendment is to put this bill on hold, and get us to redo our homework, and consult both the public and the industry further, as my colleague from the NDP has said. Given that it favours development of the nuclear industry, this bill is a source of concern and is inconsistent with ratification of the Kyoto protocol.

Government Orders

The Bloc Québécois believes that the hazards associated with nuclear energy require tighter regulations than for any other type of energy. The Bloc Québécois also believes that if financial backers find this too risky an investment, there is no reason for society to react differently.

The purpose of the bill is to amend the Nuclear Safety and Control Act to vary the classes of persons that the Canadian Nuclear Safety Commission may order to take measures to reduce the level of contamination of a place.

According to the current wording of the legislation, the Canadian Nuclear Safety Commission can:

—order that the owner or occupant of, or any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

The phrase “any other person with a right to or interest in, the affected land or place” is quite broad. It means that any person with an interest may be made to pay in case of a spill or any other kind of problem.

We are dealing with a bill introduced by the Minister of the Environment which is very dangerous. It would, for instance, relieve of liability a bank that lends money to a nuclear power plant. Until now, banks too could be sued and would inevitably have incurred heavy costs.

It is mainly to spare third parties, especially those able to finance the nuclear sector, that the bill was put forward. The desire is therefore to replace the following wording in the act:

—any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

by:

any other person who has the management and control of, the affected land or place take the prescribed measures to reduce the level of contamination.

This amendment would spare a whole group the obligation to decontaminate. The Bloc Québécois believes this change in the legislation is not appropriate. The Bloc believes that the risks relating to nuclear energy require tighter regulations than for any other type of energy. The Bloc also believes that the government should focus its efforts on developing clean energy such as wind power. The Bloc demands first and foremost an energy plan to ratify Kyoto.

If the risks are too high for those who support and contribute to the development of nuclear energy, why should it be otherwise for society as a whole? We are sending the wrong signal to society.

Instead the Bloc Québécois is advocating a \$700 million investment plan over five years to promote the emergence of a wind energy industry in Quebec. It could contribute to the creation of 15,000 jobs in Quebec, most of them in the Gaspé peninsula.

I went to the Arctic Council with the minister of Foreign Affairs and I know that the government seems to be saying it is going to ratify Kyoto. However, when we see this kind of bill, we have to wonder how sincere the government is in its intention to support Kyoto.

Ratifying Kyoto provides the government and every parliamentarian in this House with a golden opportunity to prove how keen they are to contribute to lowering greenhouse gas emissions.

In 1997, in Kyoto, Japan, Canada made a commitment to reduce, by 2008-2010, its green house gas emissions to 6% below the 1986 level. Reversing the trend of increasing green house gas emissions will limit extreme weather occurrences like the ice storm and other environmental impacts like the low water level in the St. Lawrence River.

● (1550)

This is why the Minister of Foreign Affairs took part in the meeting of the Arctic council, which brought together eight countries, to limit environmental impacts and to prevent global warming. We know that there are all kinds of consequences, whether it be for the quality of life of the people living in the Arctic, or for the reduction in pack ice, which allows for easier travel in Arctic waters. The ministers from the eight countries concerned signed a memorandum of understanding to reduce the environmental impacts of global warming.

Reducing greenhouse gas emissions goes hand in hand with energy efficiency, producing more with less. This is an excellent opportunity for all parliamentarians. Accordingly, the Bloc Québécois is proposing a large-scale federal program for wind energy in the Gaspé Peninsula. We know that many other countries are doing more than Canada, even though it wants to look proactive in this area internationally.

The federal government has a long history of providing financial assistance to the fossil fuel industry. Since 1966, it has contributed \$66 billion in direct grants to the oil and gas industry. By comparison, it has contributed 200 times less to businesses in the renewable energy sector. This means that there has been no funding whatsoever for hydroelectricity. And yet, on the international stage, Canada claims that it is being very proactive when it comes to finding other, greener sources of energy.

To give an idea of how much money is involved, \$66 billion is more than four times the health care budget in Quebec. If Quebec were to receive its proportional share, which would be 24% of this amount, it would be the equivalent of the entire annual budget for the ministry of health and social services.

Nuclear energy alone received \$6 billion. The Hibernia project alone, in Newfoundland, received federal assistance to the tune of \$3.8 billion: \$1.22 billion in direct grants, \$1.66 billion in loan guarantees and \$300 million in interest advances. Ottawa funded 65% of the total project costs. This project enabled Newfoundland to post an average growth rate of 6% per year, one of the highest growth rates in Canada, and to reduce its unemployment rate of 16.2%, the lowest rate in 12 years.

Government Orders

What about the wind power industry which is expanding around the world? As I said earlier, over the last six years, the average annual growth of this industry was 30%. With 40 times the installed power capacity of Canada, Germany is the biggest user of this form of energy. Europe alone owns close to 75% of all wind generators in the world. We know that Denmark, which I visited last week with the minister, is very proactive in promoting wind energy. We wonder why the government is proposing measures in this bill that go in the opposite direction.

The member for Jonquière has brought forward a well-thought-out amendment urging the government to go back to the drawing board and go back to the Kyoto agreement. We have to realize how this bill will prevent us from upholding our commitments under the Kyoto protocol.

The environmental impacts of climate change will be huge in Canada and in Quebec. According to the Intergovernmental Panel on Climate Change, these impacts will include floods, more and more droughts, natural spaces that will be irreversibly damaged and an increasing incidence of many infectious diseases.

Our colleague from the New Democratic Party mentioned diseases such as cancer, caused by close proximity to mines which produce the uranium used in nuclear power plants. I find it quite dangerous to go in the direction the government wants to take us.

● (1555)

So, if we want to play a significant role at the international level and be a leader in protecting our planet, if we want better quality of life and if we want to leave behind a healthier country for future generations, we are going to have to bite the bullet. We cannot be all things to all people and we cannot provide any support, financial or otherwise, to a type of energy that is extremely harmful to the public.

[English]

Mr. Dick Proctor: Mr. Speaker, I rise on a point of order. Maybe it is because there are so many people packed into the gallery but man it is hot in here this afternoon. I realize we are between the heating and cooling and that it is fall and all that stuff, but it is about as warm as it has ever been in here. As the Speaker in charge of this building, I wonder if there is an explanation for it?

The Deputy Speaker: I should resist the temptation but I notice we have a colleague from the Vancouver area who is seeking the floor which reminds me of a previous era when I was refereeing. We were in Vancouver and someone said that they thought the face-off should be outside. I said "Hell, no, it is raining outside." I was not able to do anything about that one but let me see if I can look into this matter with a little bit more success.

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, I will try not to contribute too much hot air to the environment here.

I am pleased to participate in the debate on Bill C-4, an act to amend the Nuclear Safety and Control Act and, on behalf of my colleagues in the New Democratic Party, to indicate our very strong opposition to the legislation.

[Translation]

We join our Bloc Québécois colleagues in opposing this bill.

[English]

Nuclear power is an extremely important issue for Canada given that it is our major power source but it is also the power source that poses a number of very serious threats in terms of the environment, both in terms of workers health and safety and in terms of security.

I want to put it clearly on the record that I strongly believe we should be phasing out the use of nuclear power in Canada sooner rather than later. I believe Canada could join with countries like Sweden, Germany and a number of others that have made the landmark decision to say that in the longer term, and I hope not too distant future, that they will have alternate sources of energy. We would then be able to say to the nuclear industry that it is, in many respects, a dinosaur that has no place in Canada.

Obviously we have to make sure we have proper transition programs in place to support and assist the workers and communities that will be affected by this decision, but at the end of the day I believe a very compelling case can be made that we should be phasing out the nuclear power industry in Canada at the earliest possible opportunity.

The purpose of the bill seems simple enough. It would amend the Nuclear Safety and Control Act to clarify who is liable in case of a nuclear accident. As the Minister of Natural Resources has explained already, under the current wording the Canadian Nuclear Safety Commission has the authority to order the owner or occupant or any other person with a right to or an interest in it to take measures to reduce radioactive contamination.

However the proposed amendment replaces the words "person with a right or interest in" with the words "person who has the management and control" which would limit the scope of liability. We should certainly not be limiting the scope of liability in those circumstances.

● (1600)

The minister further said that the amendment served to clarify the risk for institutions lending to companies in the nuclear industry. What this really means is that banks can freely lend money to the nuclear industry without having to worry about any kind of liability. Once again, a gift to the big Canadian banks, which we know already bankroll that government party to the extent of literally hundreds of thousands of dollars.

I am very proud to say that my party, the New Democratic Party, alone among all members in the House, is the only party that does not accept that kind of funding from the banks in Canada. We are a democratically financed party.

Government Orders

[Translation]

I think that, unfortunately, even the Bloc Québécois decided, two or three years ago, to accept contributions from large businesses such as banks. I found that sad. I know that several Bloc members were opposed. Unfortunately, however, they were not successful. In future, there may be public financing. I support such financing, and I commend the Quebec government, the Parti québécois, which effectively said no to contributions from businesses and unions. I hope that, nationally, there will be public financing.

[English]

Banks can now invest in nuclear power plants without having to worry about any consequences like contaminated air, water and land. If we need any evidence of some of the concerns around nuclear contamination, all we have to do is look at some of the very grave concerns around the uranium mining industry in Canada.

My colleague from Saskatchewan is well aware of the horrors of the situation up near, I believe, Uranium City in northern Saskatchewan. We know all too well of the risks not only to communities and workers in those areas, but we know that the government has been absolutely and shamefully negligent in its responsibility to help clean up the toxic waste from these communities. In the case of nuclear waste, this is an issue that could last for literally hundreds of years.

The bottom line is that with nuclear power we still do not have any confirmed safe technology to deal with nuclear waste. That alone is reason enough to say no more.

The government and this legislation are telling banks to pony up all the money that the nuclear industry needs and they will be absolved of any serious risk. They do not have to worry about possible melt downs like what happened at Three Mile Island, Chernobyl and elsewhere. They do not have to worry about seepage into the land that grows our food or into the water that we drink. It must be nice to make money without worrying about how this might affect other people or the environment.

Even without this amendment, the liability that banks and any other lending institution faces under the Nuclear Liability Act is a maximum of \$75 million. Imagine the consequences of a serious nuclear accident, and under current legislation the maximum liability on the nuclear industry is \$75 million. That is unbelievable when in fact the impact could run into billions of dollars, yet the nuclear industry gets off scot free.

We have seen the tragedy and the horror of the situation arising in the aftermath of the melt down in Chernobyl, in the Ukraine, in Belarus and elsewhere which took many lives and resulted in a huge increase in the number of congenital birth defects. The lives of each of those children suffering from a congenital birth defect are worth millions of dollars, yet under the bill the government will be limiting even further the liability of the nuclear industry.

Why is the government prepared to step backward as is being done in this case? Why are there only two parties in the House of Commons, the Bloc Québécois and the New Democratic Party, that are prepared to stand up and oppose this regressive and destructive legislation, legislation that will have an adverse impact on workers and on communities? I know the member for Fredericton deep in his

soul must be asking the same question as to why his government is bringing this piece of regressive legislation before the House.

Considering the dangers and expenses associated with nuclear power, the only amendments that should be made should be to widen and expand the scope of liability for the nuclear industry, certainly not to narrow it as Bill C-4 would do.

The government has said that this legislation is only a piece of housekeeping. In fact, there are many serious issues that arise from the bill.

The bill makes it easier for banks to give loans to nuclear power plants because banks no longer have to worry about liability issues. The Minister of Natural Resources has said that the bill is not and should not be misconstrued as a measure to provide favourable treatment to the nuclear industry. This is frankly absurd. When banks finance virtually anything else, such as a house or a building, they take on a measure of liability. Why in this dangerous industry, an industry which has the capacity to create an accident which could have an absolutely catastrophic impact, are banks being let off the hook? How can this not be considered favourable treatment?

This Liberal government and, I am sorry to say, the Conservative government before it have long favoured the nuclear industry, giving it billions of dollars in subsidies. When we add up the subsidies to this dinosaur industry, the nuclear industry, we have to ask ourselves why Canadian taxpayers are prepared to put up with this.

● (1605)

I want to pay tribute to the various groups across the country, such as the Campaign for Nuclear Phaseout, and individuals such as my former colleague Lynne McDonald, who has been working very hard, Gordon Edwards and others who have really been making a difference in trying to educate Canadians as to the destructive impact of this industry in Canadian society and elsewhere.

There have been massive accidents such as the horrendous ones in Chernobyl, Three Mile Island and the various "smaller" problems. Nuclear plants in Ontario and New Brunswick have not deterred the government from continuing to support this dying nuclear industry. In fact, the minister has made it clear that the amendment is designed to make it easier for the industry to gain capital and therefore to expand.

You are signalling me, Mr. Speaker, that I have only one minute left. I am prepared to speak for many more hours on the legislation. I am not sure if I would have the consent of the House to continue, but I would ask for that consent so I can continue to share with Canadians my concerns about this very destructive industry and this bill which is so regressive. I am prepared to continue certainly for the next couple of hours at least.

● (1610)

The Deputy Speaker: Is there consent?

Some hon. members: Agreed.

Some hon. members: No.

Government Orders

[*Translation*]

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Mr. Speaker, I appreciate the opportunity to rise this afternoon to speak to the amendment put forward by my colleague from Jonquière. This amendment says, and I quote:

That the motion be amended by deleting all the words after the word "That" and substituting the following:

Bill C-4, An Act to amend the Nuclear Safety and Control Act, be not now read a second time but that it be read a second time this day six months hence.

I think this is very wise. People have mixed views about nuclear control regulations.

If I refer to the bill introduced by the Minister of Natural Resources, it seeks to amend subsection 46(3) of the Nuclear Safety and Control Act by replacing it by the following, and I quote:

Where, after conducting a hearing, the Commission is satisfied that there is contamination referred to in subsection (1), the Commission may, in addition to filing a notice under subsection (2), order that the owner or occupant of, or any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

The enactment amends the Nuclear Safety and Control Act to vary the classes of persons that the Canadian Nuclear Safety Commission may order to take measures to reduce the level of contamination of a place.

At first, there was no agreement as to who should be responsible for cleaning up. Public opinion is divided on the issue. As we will see later on, this is not the only problem; there is also the fact that the government does not think other forms of energy could be developed to replace nuclear energy, and I will get back to that later on in my speech.

As it is presently drafted, the legislation says that the Canadian Nuclear Safety Commission may, and I quote:

—order that the owner or occupant of, or any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

Currently it says "any other person with a right to or interest in, the affected land or place", which is very broad.

This means that any person with an interest may be made to pay in case of a spill or any other kind of problem. A bank that loaned money to a plant could thus be sued and incur what would inevitably be very high costs should the land have to be decontaminated.

Already there are people saying "Wait a minute". Banks cannot be allowed to shirk their obligations. For instance, a bank that sells a house with a hidden flaw has an obligation just as would any private citizen selling a house. It is the same here. People with a financial interest in a project would not have to face up to their obligations. I think this is an element worth thinking about and taking into account.

Already, public opinion is not very favourable. Right from the start the Bloc Québécois has believed this amendment not to be appropriate.

The reason why I support the amendment aimed at postponing consideration of the bill for six months or ten years, or putting off indefinitely making decisions regarding the deregulation of the nuclear industry is simply that, on the one hand, nuclear energy

comes with too many risks and, on the other, that other so-called renewable energies could be used.

• (1615)

At the international level, there are a number of countries that are no longer interested in nuclear energy. These states are turning to something safer, cleaner and cheaper.

I could mention the case of Germany, which just made the historic decision to gradually stop using nuclear energy. In so doing, Germany is following the example of many other countries that have also concluded that this type of energy is not good. These countries include the United States, Spain, Italy, Great Britain, Austria and Sweden. It is rumoured that Canada is considering doing without nuclear energy.

As a consumer, as an ordinary citizen, I believe that Canada is thinking about doing without nuclear energy. However, the government wants to amend the legislation to make it more flexible, because otherwise no bank will want to invest in nuclear energy. This is fishy. This smells of privatization and of leaving this sector to foreign interests. I have no guarantee that these interests will act with caution, as I would with the government.

I want to get back to those countries that want to drop nuclear energy. The "Sortir du Nucléaire" network is a federation of close to 250 French associations that have been fighting for years against the use of nuclear energy. This network hopes that the example of Germany will make investors think, particularly certain large businesses and banks. The power to make decisions belongs to politicians, but they cannot ignore the public's determination to drop nuclear energy for safety reasons.

In western Europe, Finland, Great Britain, France and Switzerland, as I mentioned earlier, also expect to soon opt out of nuclear energy.

What could replace nuclear energy? The Bloc Québécois has made proposals, including using wind energy. In Quebec alone, the wind industry could help create over 15,000 jobs. Wind energy could also be used elsewhere. All across Canada there are provinces where it is windy and where such jobs could be created. Even here in the House, where it is very warm, we could use wind energy.

Canada could sign the Kyoto protocol to reduce greenhouse gas emissions. That would be a step against nuclear energy.

The Bloc Québécois would like to have a federal investment program in the wind energy industry because it could create at least 15,000 jobs in Quebec, as well as jobs in other provinces.

In my last few minutes, I would like to draw to the attention of the House a fundamental development. In New Brunswick, a Canadian commission has recommended against any investment in the Point Lepreau nuclear plant, saying it would be too expensive. There is no justification for investing \$845 million in this operation. Ultimately, the very existence of the plant may have to be reconsidered. Private investors are not interested because they have no guarantee that the government will let them use the plant without assuming the liabilities.

Government Orders

My time is up, but I can tell you it is not easy to make a ten minute speech when it is so hot.

• (1620)

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I congratulate the hon. member for Terrebonne on her speech. Mine will, of course, be along the same lines as hers. I shall, however, try to bring in some new elements in order to enable this assembly to be in a position to make an informed decision.

Bill C-4 may seem somewhat innocuous, given the relatively few changes it makes, but when placed in a historical context, looking into both the past and the future, it can be seen that its scope is far greater than it may seem.

It has already been said, but I think it bears repeating, that the purpose of the bill is to amend the Nuclear Safety and Control Act to vary the classes of persons that the Canadian Nuclear Safety Commission may order to take measures to reduce the levels of contamination of a place.

As it stands, the Nuclear Safety and Control Act states that the Canadian Nuclear Safety Commission:

—may order that the owner or occupant of, or any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

It can be seen that the terminology used here, that is “or any other person with a right to or interest in, the affected land or place” is far broader than what the new formulation proposes, which is simply:

—any other person who has the management and control of, the affected land or place take the prescribed measures to reduce the level of contamination.

Obviously, reference has been made to the banks in the debate, but there are many other funding bodies that might be affected by this amendment, might be relieved of responsibility for their investments. We are not talking of just any investment. It is not an investment in seal-packed potatoes or some kind of sweet snack, it is an investment in an extremely controversial industry. It is the nuclear industry.

Looking at our society here in the year 2002, it is somewhat of an anachronism to be amending existing legislation, although it has been around for some time, at the very moment that it is generally agreed that there is no future in developing the nuclear industry.

Why then relieve lenders of responsibility when they have until now been responsible for their investments in the nuclear industry—a very particular industry—at the very moment that it is generally agreed that nuclear industry is an energy source that is uncertain, to say the least?

Like the New Democratic Party, the Bloc Québécois is also calling on this House to act responsibly by not amending this legislation at this time. The amendment put forward by my colleague from Jonquière is to that effect. It seems to me that it would make sense to adopt the amendment, so that the matter can be examined further.

We must bear in mind that the legislation, in fact these energy options, date back to the early and late 1970s. In the early 1970s, in 1973-74, there was a first oil crisis. This crisis caused the first major global crisis since World War II. I clearly recall reading about it in December 1974, in *Le Monde diplomatique*, which I read at the time.

We experienced a crisis, the first major one since the Great Depression of the 1930s.

This had an incredible impact on the collective psyche, particularly in the western world, which had enjoyed phenomenal growth since 1945. The skyrocketing oil prices were immediately linked to very serious financial and structural problems. It will go down in anecdotal history, for instance, that the then Minister of Finance, John Turner, ran his first deficit in 1975, following the recession caused by this oil shock.

Unemployment grew substantially, and continued to grow until the mid-1990s. So, the danger of this oil shock was linked to a more serious danger, namely global economic instability.

The situation quickly got back to normal following the 1974-75 recession. However, we were hit by another oil shock in 1979, with the revolution in Iran.

• (1625)

The shah was overthrown and Ayatollah Khomeini became the leader of the Islamic revolution in Iran. There was another jump in oil prices, which reached \$42 a barrel.

At the time, I was at the Université de Montréal and I was studying this issue. In fact, my masters thesis was on the cost of energy resources. I can unequivocally state that all the forecasts made by experts, both in Quebec and around the world, including in the rest of Canada, were to the effect that, by the year 2000, the price of oil would be around \$90 a barrel.

We therefore turned to alternate sources of energy. For example, in Canada, the Alberta tar sands were developed to ensure that our country would be self-sufficient from an energy point of view. This initiative proved extremely costly for Quebec. All over the world, people looked at new sources of energy, and particularly nuclear energy. This did not occur exclusively in Canada.

In Quebec, we had the great debate on the vast hydroelectric projects around James Bay. These projects were initiated by Robert Bourassa, following the initial work done by René Lévesque as minister of natural resources, in the early or mid-sixties. So, it is in this context that nuclear energy became an option. This context no longer exists.

A barrel of oil currently costs around \$23. Instead of being at \$90, as was anticipated 25 years ago, the price of a barrel of oil has gone down significantly. Why? Because during the 1970s and 1980s, huge efforts were made in almost all western countries to conserve energy. Our cars now use less gas than they used to. We now have much more energy efficient systems. Our homes are better protected from the cold.

The result of this is that demand for energy resources has dropped worldwide, in spite of the tremendous economic growth experienced after the crisis of the early 1980s. We now find ourselves in a situation where nuclear fission has been ruled out not only from an environmental and safety point of view, but also from an economic point of view.

Government Orders

It seems to me that Bill C-4 is sending out a very wrong message to the population and to industry in general in Canada and in Quebec, but also to the entire international community. As we are debating ratification of the Kyoto accord, the Canadian government is proposing to this Parliament that we relieve financial backers of their responsibility as far as nuclear development is concerned. This is totally contrary to common sense.

I would also remind hon. members that these choices were made, as I have already pointed out, in the wake of recessions, first of all the recession of 1974-75 and then particularly the major one of 1981-82. It must be kept in mind that the latter was far more serious than the one in 1974-75, and was in part a result of the rapid rise in prices due to the Iranian revolution. It created an awareness of the fact that the model of development on which we had based economic development ever since World War II was in crisis. It was a major crisis, but not strictly caused by oil prices. On the contrary, it was caused by a general dysfunction, that is successive government deficits, very heavy inflation, disputes between businesses and workers on how the gain in productivity would be shared. It is, therefore, a far more complex matter and has taken just about 15 years to get over.

Remember that throughout the 1980s, the unemployment rate was extremely high, not just in Canada and Quebec, but all over the western world. For the most part, the situation has improved since 1995. Quebec, like Canada, is experiencing considerable growth. Parliament must not therefore pass legislation that is not only a step backwards, but that is no longer relevant in terms of the economy, the environment or safety.

For this reason, we propose looking into developing other sources of energy that are much more promising both in the short term and the long term. For example, setting up certain types of wind energy would create considerable employment.

●(1630)

We must remember that the government, as I just explained, has spent tremendous amounts of money, not only on nuclear energy, but more importantly on the oil industry. Every Quebecker has paid \$27,000 out of his or her own pocket to develop the oil industry in western Canada. I would not want the House to make a decision today that would lead to the same type of problem.

Given the context, I think we must adopt an approach with vision, we must learn from past mistakes, and look to the future. In the context of the debate on the ratification of the Kyoto protocol, we must pursue the only position that is consistent: maintaining the legislation as is, and putting off the debate until after the debate on the ratification of the Kyoto protocol is over.

Mr. Jean-Yves Roy (Matapédia—Matane, BQ): Mr. Speaker, I am pleased to speak today to the amendment proposed by my colleague from Jonquière, seconded by our colleague from Joliette who has just spoken, and I congratulate him on his speech.

What both my colleagues are proposing is a six month hoist, so that people can be consulted and have the opportunity to express their views on the bill in question.

I would remind hon. members that Bill C-4 is a carbon copy of a bill from the last session. I recall at the time expressing my great

surprise that the present government would want to ram through such a bill at any cost. I am equally surprised today.

The purpose of Bill C-4 is to totally absolve financial backers of responsibility vis-à-vis the nuclear industry. What this amendment would do is exempt backers from liability in the nuclear sector. This means that corporations which make loans to nuclear facilities will no longer be liable. They will be able to make loans without subsequently assuming liability if there is contamination when these sites are abandoned. One day or other, they will be abandoned, and they will have to be decontaminated in any event. We know that this will have to be done at most sites.

What does Bill C-4 say? That backers will not be held liable. A corporation could declare bankruptcy tomorrow morning, disappear, and responsibility for decontaminating the sites in question would revert to the government.

There have already been many problems with contaminated sites in the past, including in the oil industry. Companies disappeared, and today the government has to take over responsibility for these sites. When companies disappear and leave contaminated sites, in the end it is the taxpayers who are responsible. They are the ones who have to pay to decontaminate the sites in question.

There is a good example in my region, with which my colleague, the member for Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques is very familiar. It is a recent and very obvious example. It does not involve nuclear contamination, but a large company, Noranda, in Murdochville.

Over its 50 years in Murdochville, if my memory is correct, I believe it is 50 years, Noranda contaminated one site and two ports, Mont-Louis and Gaspé. Today the company is leaving the sites and it is completely exonerated of its responsibility to decontaminate them. The Government of Canada is being asked to clean up the Mont-Louis and Gaspé ports because they belong to Transport Canada and are managed by Transport Canada.

Really, it is the responsibility of the company; it is the company that contaminated the site and the ports. Today, the company is leaving to set up shop in South America. As a result, it will be up to taxpayers to cover the cost of the cleanup.

Are we going to do the same thing with the nuclear industry? That is my question. It seems clear to me that with Bill C-4, as my colleague, the member for Sherbrooke mentioned, the lenders no longer have any responsibility. We are saying to them, "you can lend money for nuclear energy", even though it is an obsolete energy, as far as I am concerned and despite the fact that many countries around the world would like to replace it.

Government Orders

We are telling them, “You can lend them money; you will not be held responsible”. That is what the bill being considered says. To paraphrase, it says, “Go ahead, lend them money. Regardless of their responsibilities, regardless of what they do, in the end, if the company disappears, the state, we the taxpayers, will have to take on the responsibility”. Obviously, I cannot support such a proposal. I find it dangerous and risky.

The banks and the lenders that are asking for this legislation are doing so because they simply do not have faith in nuclear energy or because they do not want to take on the responsibilities that they have to clean up the sites. There are also responsibilities in cases of accidents, but I am speaking for the most part of responsibilities regarding the cleanup of sites.

• (1635)

One does not deal with nuclear energy the same way as with copper, in Murdochville for instance, or oil. In fact, when talking about nuclear contamination, we are not talking of hundreds of years, but rather of thousands of years before the sites in question can be completely decontaminated.

It is much simpler with oil, of course. Let us be clear, however. Oil spills in oceans are not simple to deal with. Cleanup is possible nonetheless, whereas it is a totally different ball game with nuclear energy.

For years, in society at large, businesses have been asked to assume their responsibilities. The will is expressed to adopt a principle, and the principle is adopted with respect to certain businesses in the pulp and paper sector or other sectors, namely the polluter pays principle. I have a hard time understanding why nuclear industry backers should be given the significant advantage of being relieved of responsibility when any other industry is required to assume its responsibilities.

Let us take a look at how things are done, for example, in agriculture. Farmers are held responsible when there is pollution. In any other area, be it transportation or manufacturing—I mentioned pulp and paper earlier, but I could list many other examples—the polluter pays principle is widely accepted.

If you invest in a business as a lender, if you agree to lend money to any business and this business is not, or is no longer, creditworthy, naturally, the lender has a responsibility.

Looking at the bill before us, which, I repeat, is a repetition of the legislation that was put before us in the last session, one wonders why such a privilege should be given to the nuclear industry.

I cannot agree with giving such a privilege to the nuclear industry.

We in the Bloc Québécois hope that the Kyoto protocol will be ratified and that it will even go a little further. If we adopt Kyoto, some companies will have to make adjustments. They will have to progressively reduce their greenhouse gas emissions. I am referring to nuclear energy, but if we want to force companies to reduce their greenhouse gas emissions, they will say “Why do you grant such a privilege to the nuclear industry while we are forced to be clean?”

This is a double standard. The government is basically saying “We are granting privileges to the nuclear industry, but we refuse to grant

privileges to those who produce greenhouse gases”. It is basically saying “You are responsible, but the other industry, which produces nuclear energy, cannot be held responsible. We cannot hold his lender, or the bank that lends money to him, accountable”.

I cannot agree with such an attitude. When this bill was first introduced, the current Minister of Natural Resources clearly said, and I quote:

These companies must have access to commercial credit to finance their needs, like any other enterprise. This amendment will allow the nuclear industry to attract market capital and equity. At the same time, we can continue to ensure that nuclear facilities are managed in a safe and environmentally sound manner.

I have a bit of a problem with that. The minister is basically saying “No one wants to lend them money, but we will open a door by taking away their liability”. We cannot agree with that. That is totally unacceptable. As a member representing the Gaspé region I refuse to support this bill, particularly since we in the Bloc Québécois have proposed alternative energies that could be developed, that would create more jobs and that would allow my region, among others, to develop new technologies, including wind energy.

Mr. Serge Cardin: It is not just wind.

• (1640)

Mr. Jean-Yves Roy: Mr. Speaker, it is not just wind, as pointed out the hon. member for Sherbrooke. It is a concrete reality. We must give up this idea of investing more in nuclear energy when people and countries around the world that are affected by nuclear energy are hoping to reduce its use as much as possible.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, thank you for allowing me to speak to this bill. It might be useful to remind those who are following that we are studying Bill C-4, An Act to amend the Nuclear Safety and Control Act.

The purpose of this bill is to relieve lenders dealing with the nuclear industry in particular, of the responsibilities of decontaminating sites. This means that if ever there are spills, problems or sites that are contaminated as a result of the development of the nuclear industry, the people who agreed to lend money for these projects will not be held accountable for the results and cannot be prosecuted. This refers to banks, but it could also include any other stakeholders.

For this reason, the member for Jonquière, seconded by the member for Joliette, has proposed the following amendment, on behalf of the Bloc Québécois:

That the motion be amended by deleting all the words after the word “That” and substituting the following:

Bill C-4, An Act to amend the Nuclear Safety and Control Act, be not now read a second time but that it be read a second time this day six months hence.

Government Orders

This would allow the proposal to be studied again, to make it more specific, more concrete. As it is currently worded, it is unacceptable to us. I will read the wording that the government wants to modify. In the current legislation, it says:

—any other person with a right to or interest in, the affected land or place take the prescribed measures to reduce the level of contamination.

The amended text reads:

—any other person who has the management and control of, the affected land or place take the prescribed measures to reduce the level of contamination.

We can see that every word counts. We start with a text in which any person who had a right to or interest in, any person who was involved in making the decision about setting up this type of industry, had to ensure that they were not investing in something that could, in the end, harm society, quality of life or the environment.

With this bill, the federal government is attempting to exempt these people from the application of this act. In the area of nuclear energy, I believe that we must obviously be very specific and very cautious when it comes to decisions being made to ensure that we will in no way allow anything that could have irreversible effects in the future.

Nuclear energy development initiatives also address issues such as waste storage and recovery, which may be very expensive to put in place but even more expensive in terms of what consequences an error would have.

If we accept that the lender, the financial institution lending money for mechanical things, equipment, and the investments required to ensure a waste burial project can be carried out, no longer has any moral responsibility concerning the consequences of the decisions it makes, this takes an enormous weight off its shoulders. This opens the door to overly liberal decisions and, at the end of the day, everyone will wash their hands of any responsibility and we will find ourselves with an unacceptable situation. There is no area where we do not have to ensure that we are not dealing with charlatans. In the nuclear energy field as in any other field, there have been instances where equipment or radioactive material was stolen.

In this respect, in today's world where attempts are made to regulate the use of nuclear energy, we must make sure that greed does not lead major lenders to stop taking their responsibilities.

We need only look at the financial scandals, in the U.S. in particular, in the past year or so. They involve individuals who seemed above all suspicion initially, but who, out of greed, did things which, ultimately, have jeopardized many jobs and undermined economic stability, all because there were no safeguards tough enough to prevent reckless action.

Try to imagine the consequences for the management of nuclear waste and the whole nuclear energy issue if such action had been taken in the area of new technologies.

This is why the Bloc Québécois believes that, in this respect, the federal government is moving a little hastily. It seems to me that it is just trying to make political hay, regardless of all the consequences its action may have. It would be in our best interest to review this bill.

● (1645)

It also strikes me as a bit odd that, at a time when many questions are being asked in Canada about energy choices, we would still be involved in making development easier by lightening up the regulatory framework on the whole matter of the use of nuclear energy. This at a time when everyone is calling for the development of soft energies such as wind energy, which I would like to see this government devote more attention to.

In my opinion, implementation of the Kyoto protocol requires initiative, innovation and government programs conducive to the development of renewable energies. I am thinking of such things as wind power. As we know, 50% of the Canadian potential for this type of energy is in Quebec, and 80% of that potential is in eastern Quebec.

There is talk of using windmills to capture the energy produced by air displacement, but the energy of tides and currents can also be captured. That seemed futuristic a few years ago, but today there is a possibility of developing this industry. It would be a matter of killing two birds with one stone. On the one hand, improved environmental quality, and on the other economic development in regions that need it. The regions in question are a kind of tourist haven, with potential for ecotourism, and the development of a cleaner and greener economy based on the use of a source of energy that has been with us since day one and has been underestimated and undervalued.

It seems rather odd that we are today debating a question like allowing nuclear energy to develop within a less stringent safety framework, when we have the possibility of developing a whole range of softer energies. The federal government does not seem all that anxious to allow this kind of industry to develop and to come up with plans that will yield concrete results in terms of new energy use within 10, 20 or 30 years.

Let us look at both scenarios. What this bill does is to liberalize the creation of infrastructures using nuclear energy, with all the risks and nuclear waste management that are involved. The other scenario would allow us to develop all the new energies without any risks and without any dangerous implications in the short, medium and long term.

Why not provide the same funding opportunities for new energies? What would have been the impact of creating a level playing field from the outset and providing the same opportunities for everyone? We must all live with the choices that we make, and that includes lenders and other stakeholders. The change proposed by the government would give it too much leeway.

In the current context, and considering the specific interests at stake, I hope that the government will be receptive to our arguments and will agree to withdraw this bill and review it again in six months.

Government Orders

•(1650)

[English]

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on the amendment. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the amendment will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The Deputy Speaker: The vote is deferred until tomorrow, Wednesday, October 23, at the beginning of government orders.

* * *

*[Translation]***CANADA PENSION PLAN**

The House resumed consideration of the motion that Bill C-3, An Act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act, be now read the second time and referred to a committee.

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, it is a pleasure to rise to speak on Bill C-3. This bill to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act establishes the Canada Pension Plan Investment Board. This board will be an investment corporation similar to the Caisse de dépôt et placement, which has been operating in Quebec since the mid-1960s.

The mandate of the board will be to invest funds received from the Canada Pension Plan so as to generate maximum return. The income derived from investment will enable the plan to pay pensions to Canadian workers.

As I indicated, this bill is warranted as it permits the transfer of all funds from the pension plan to the board. As I said, in this instance, the federal government keeps modeling its board on the Caisse de dépôt et placement, Quebec's success story.

This also provides me with an opportunity to address a bleaker moment in Canadian parliamentary history, namely the introduction in the Senate of Bill S-31 seeking to—

The Deputy Speaker: Order, please. I am sorry to interrupt the hon. member for Joliette, but I must inform the House of the following before 5 o'clock.

Pursuant to Standing Order 38, it is my duty to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Winnipeg Centre, Veterans.

The hon. member for Joliette.

Mr. Pierre Paquette: Mr. Speaker, as I was mentioning, this bill seems to complete the transfers that have already been made for the Canada Pension Plan assets. Therefore, we are most happy to support this bill, but this allows me to come back to a less happy page from Canada's parliamentary history, when the Senate was considering Bill S-31, in 1982.

The purpose of that bill was to regulate the activities of the Caisse de dépôt et placement. This allows me, as I mentioned, to come back to this part of our history. I consulted a fairly recent book, written by Pierre Duschene. It is a biography of Jacques Parizeau, in which the events surrounding Bill S-31 are related.

Allow me to read an extract from the book.

In March 1982, the Caisse de dépôt et placement increased its holdings in shares of Canadian Pacific. The Quebec institution came within a few decimal points of the 10% mark in controlling shares. It posed a dangerous threat of breaking the ceiling set for Paul Desmarais, who is, as everyone knows, the president of Power Corporation, by the company's board of directors. CP panicked and sounded the alarm. The Anglo-Saxon establishment mobilized and readied to launch an offensive against the caisse. The president of CP first obtained the support of the following companies: Bell Canada, Steelco, the Bank of Montreal, the Royal Bank, Dominion Textile, Nova, Inco, Hiram Walker, Consumers and still others. Then, he called on Pierre Elliott Trudeau, the Prime Minister of Canada, and asked him to stop the Caisse de dépôt et placement. At the same time, the president of the Toronto Stock Exchange met with directors of three other Canadian stock exchanges, Vancouver, Montreal and Calgary, to prevent francophone shareholders from gaining control of CP. "I took this initiative because it seemed clear to me that what was happening here, what Paul Desmarais was doing, and the position of the Caisse de dépôt—"

Obviously, this is the president of the Toronto Stock Exchange talking.

—it was clear that this would become a cause of concern.

The wall erected around CP transformed it into an impregnable fortress. The English speaking establishment formed an alliance and then attacked, using the Parliament of Canada. In the night of November 2, 1982, the government of Pierre Elliott Trudeau introduced a bill in the Senate, Bill S-31, the Corporate Shareholding Limitation Act, which was specifically aimed at the Caisse de dépôt et placement du Québec, although not mentioning it by name. Bill S-31 made it impossible for any crown corporation to own more than 10% of the shares of any company involved in interprovincial transport.

Thus the caisse's hands were tied, and it could not purchase the CP shares.

In the eyes of Jacques Parizeau, the finance minister of the day under René Lévesque, this was an incredibly crude manoeuvre. At the behest of CP and Ian Sinclair, its chairman of the board, the federal government tabled a bill in the Senate.

And we must not forget that Ian Sinclair was Pierre Elliott Trudeau's father-in-law

—
These are Jacques Parizeau's words here.

—a man who was the incarnation of the old guard of the corporate world.

This is still Jacques Parizeau speaking. Reading on:

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The very evening that the bill was tabled, Jocelyne Ouellet, the woman in charge of the Quebec bureau in Ottawa, was informed. Jacques Parizeau rallied his troops. Jean Campeau, then president of the Caisse de dépôt et placement, was on side, and the caisse, which had 9.97% of the CP shares, set up a defence strategy in conjunction with the finance minister. Despite the Conseil du patronat's support of Bill S-31, the influential Montreal chamber of commerce adopted a position clearly opposed to this federal initiative. Its director, André Vallerand, and its chairman of the board, Serge Saucier, set out to defend the Caisse. Serge Saucier recalls "the corporate world rallying round in defence of a body that was becoming a major force for the Quebec economy".

This is perhaps the most tangible sign that can be found in the contemporary history of Quebec of a body that did something for Quebec, for its economic development, so much so that people came to its defence, saying "Listen, we have something that works well. Hands off. Leave it to run itself".

The fight to sway public opinion had begun.

André Ouellet, the current president and chief executive officer of Canada Post, who was then the federal Minister of Consumer and Corporate Affairs, inflamed the situation once again by declaring before the Senate Committee on Bill S-31 that the fund was practising indirect socialism. For the first time, he recognized publicly that the Caisse de dépôt et placement du Québec was the main target of Bill S-31. This bill was swiftly denounced by the francophone media as a scheme by the English-speaking business establishment to defend its turf against francophone investors. For its part, the Liberal Party of Canada felt increasingly isolated.

● (1655)

This would be neither the first nor the last time. It also says:

Other federal parties opposed the bill. Senators who were studying the bill were informed that Jacques Parizeau would come to Ottawa to criticize the legislation before them. Since the birth of Canadian Confederation, more than 100 years ago, it could not be remembered when a provincial finance minister had ever taken such a step. On the morning of November 25, 1982, the day Jacques Parizeau was to come before the Senate, Parliament Hill was in turmoil.

If you will allow me, I would like to read the presentation of Mr. Parizeau on Bill S-31. It was delivered on December 7, 1982. I will read the comments of Mr. Jacques Parizeau, the then Finance Minister, on Bill S-31. He said:

Bill S-31 does not impact only Québecair. It affects numerous operations of the government and its crown corporations. For instance, the transport minister has already referred to the participation of the Government of Quebec in Sonamar and Les Entreprises Bussières. This bill may also have an impact on the SGF, the SDI and even SOQUIP. However, the Caisse de dépôt et placement du Québec is obviously the main target of this bill. First and foremost, this legislation aims at preventing the Caisse de dépôt et placement du Québec from acquiring major holdings, first in Canadian Pacific and eventually in numerous other companies. More specifically, this bill protects the traditional Canadian establishment against intrusions by the CDPQ and it even succeeds in providing this establishment with the means necessary to disqualify bona fide investments now being made by the Caisse de dépôt and inflict potentially significant losses on the Caisse de dépôt and pensioners in Quebec.

Of course, the Caisse de dépôt administers the Régie des rentes du Québec.

This bill introduced in such a hurry really seems to protect the management of Canadian Pacific. The Caisse de dépôt had acquired very close to 10% of the shares of that company, and as soon as that threshold was exceeded, the agreement between Canadian Pacific and Power Corporation, controlled by Paul Desmarais, under which the limit imposed on Power for the shares of Canadian Pacific was set at 15%, was changed.

Of course, the federal government had to see that Canadian Pacific would not experience the suspicious fate of being threatened in its traditional control.

The act has of course much broader consequences than just trying to create an impossible situation at Québecair and to consolidate Canadian Pacific's management.

Any company that would want to avoid the Caisse de dépôt—or the SGF for example—taking a significant share of its capital stock could, to protect itself, try to

buy an interprovincial or international transportation company, no matter how small, or create one.

By contrast, when the Caisse de dépôt wants to associate itself with a private group by holding more than 10% of the shares, that group will have to first pledge that it will not invest in transportation, for an indefinite period. In any case, the shares that the caisse could, from now on, acquire in the targeted companies, cannot be voting shares, even though the caisse were to hold less than 10%.

This voting right that can be enjoyed by any shareholder, including foreign investors, is removed in the case of any provincial Crown corporation.

Clearly, Bill S-31 is likely to significantly hinder the operations of the Caisse de dépôt. This is not only about control operations, but about the development of businesses. Some businesses that are experiencing major growth could count on an increasingly important influx of venture capital from the Caisse de dépôt, up to the 30% stock limit provided under the act. This influx of venture capital is now seriously impeded. We are thinking, for example, of the new container company Sofati, which was just created in Montreal—

—incidentally it is doing very well—

—and whose successes are already remarkable. The bill restricts investment opportunities for the Caisse de dépôt in this type of businesses. At the same time, foreign competing corporations are allowed to control such businesses, as mentioned in November 6 edition of the daily *The Gazette*, which announced that the Compagnie Maritime Belge had acquired 50% of the stocks in Dart Containerline, a Montreal company.

The same influx of venture capital is also jeopardized in the case of Sonamar or any other business in which the SGF, for example, could take an interest.

No doubt the federal government will allow for exceptions, if it sees fit to do so. But it will then be the one that will decide the major operations of the Quebec government, of the Caisse de dépôt and of other Crown corporations, and if it reserves the right to allow for exceptions, it will also have the right to rescind them.

It is only by investing abroad in a significant proportion that the Caisse de dépôt can continue to fulfill its role of good manager and avoid the kind of trusteeship the federal government wants to impose on it. The diversification of investments in various activity sectors is a basic condition to the sound management of funds. The bill significantly changes the investment of Quebecers' savings as we have known it and practised it for over 15 years. At the same time, it diminishes the performance and the return of the Caisse de dépôt, which has succeeded in getting a higher return than the Canada pension plan, ever since it was created.

● (1700)

And he went on:

We were already familiar with FIRA, the foreign investment screening agency, and all the problems it caused to foreign investment. A few weeks after the government announced its intention to relax its regulations with regard to FIRA—even though it has not yet followed through on that—it decided, through Bill S-31, to more or less extend the FIRA policy to provincial government corporations, particularly to the caisse. This is exactly what it is: Bill S-31 creates a control mechanism similar to FIRA, except that instead of being applied to foreigners, it is being applied to the provinces, particularly to the Caisse de dépôt, which will not even be treated as well as a foreign investor, since it will not be able to vote with any new share it acquired in the targeted sectors. Bill S-31 is another FIRA, but this time it is directed against us.

Canadian Pacific is the biggest corporation in Canada. The Caisse de dépôt is the largest portfolio in Canada. Canadian Pacific is the most fundamental expression of the traditional establishment. The Caisse de dépôt, in cooperation with a large number of Quebec business people, supports business shares in the best interests of its depositors and of Quebec as a whole.

I want to read to you a last paragraph of this presentation by Mr. Parizeau.

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Instead of choosing the development of Quebec, the participation of Quebecers in large corporations through their savings and support for Quebec business leaders, the federal government preferred to protect its establishment and to take away the freedom of government institutional investors and provincial government corporations. It is difficult to imagine what kind of intellectual gymnastics can bring one to conclude that a profitable investment (because the Caisse de dépôt does not subsidize, it invests) that is beneficial to Quebec can be regarded as disadvantageous to Canada's economy. Unless, of course, what is beneficial to the establishment is equated to what is beneficial to the economy.

Under these circumstances, we have no other choice but to call on the government to withdraw this bill immediately.

That is what the finance minister of the day had to say when Bill S-31 was introduced in the Senate in November. As I mentioned, Mr. Parizeau made this presentation in early December.

In the end, the Senate committee rejected Bill S-31. One could have expected that following the debate—in the end, senators seemed to acknowledge the discriminatory nature of the bill—that would have been the end of it all. Unfortunately, and we hear less about this development, on November 3, 1983—one year later—the federal government, through the Minister of Consumer and Corporate Affairs at the time, came back and introduced a new, reworked version of Bill S-31, in the hopes, once again, of stopping the Quebec institution known as the Caisse de dépôt et placement from purchasing shares in different Canadian companies that were controlled by the Toronto establishment that Mr. Parizeau was referring to.

This time, it was the chair of the board of the Chamber of Commerce of Montreal, Serge Saucier, who led the fight in this second battle against the newly minted version of Bill S-31, and who rallied not all, but a large number of Quebec's French-speaking business people. At the time, this business community was just beginning to operate.

For example, Mr. Parizeau set up the stock savings plan, which allowed a number of companies to develop, because they were able to gain access to capital that they were never able to access before.

So, Mr. Saucier successfully mobilized the French-speaking business community at the time and, on November 23, 1983, *La Presse* published the list of 21 business leaders under the headline “St. James Street Calls for Withdrawal of Bill S-31”.

When Jacques Parizeau read this headline, he was understandably very pleased because, to him, this was proof that St. James Street, now Saint-Jacques Street, was now French. During the fall 1983 parliamentary session, the bill was finally and definitely scrapped.

This page in parliamentary history shows that, in the past—and in the present as well, sometimes—the federal government has been extremely petty in its dealings with Quebec's institutions.

• (1705)

I view, to some extent, Bill C-3 now before us as Quebec's revenge in terms of initiatives taken by the Government of Quebec through its successive finance ministers. It was true under Jean Lesage's Liberals, under the Union Nationale with Daniel Johnson, and then under Robert Bourassa and René Lévesque.

There is a degree of revenge for these political figures who, in their days, took initiatives that benefited Quebec and now enable

Canada to draw inspiration from Quebec's experience to establish an institution that will foster economic development in Canada.

Of course, we are not taking the reductionist vision Pierre Elliott Trudeau may have had at the time, thinking that what is good for Quebec is bad for Canada. Let us hope that, this time, what is good for Canada will also be good for Quebec, even though Quebec's pensions are not administered by the board.

Again, this is some kind of revenge against history, and we hope that, as I indicated, this board will not only foster the economic development of Canada and Quebec, but also ensure workers in Canada a decent pension.

In this context, we have no problem supporting the bill.

• (1710)

The Deputy Speaker: Before we move on to questions and comments, I must say I had already interrupted the member for Joliette at the beginning of his speech. Maybe I wanted to be more patient than usual.

Our standing orders say that we should not read a speech. I understand that the procedure has changed in the House recently. However, it gives me some concern when we have quotes, or when we read a text outside of our own speech, because I would not want to give the impression I approve of what the member for Joliette did during his speech. I think it is the first time such a situation occurs and I would not want to give the impression that we condone that practice.

I think we would all be better served if, we followed the *House of Commons Procedure and Practice*, the famous work by Messrs. Marleau and Montpetit. On page 517, under “Citation of documents”, it states:

There is no Standing Order which governs the citation of documents; the House is guided mainly by custom and precedents.

The first sentence of the second paragraph states:

A speech should not consist of a single long quotation or a series of quotations joined together with a few original sentences.

All I want to say is that we have gone as far as we could possibly go; some would even say we went a bit further than we should have. I wanted to bring this to the attention of the House so that members will not think we encourage such a practice.

It is nothing serious, just a little reminder, but such a practice left unchecked could be repeated and I want to prevent that.

Mr. Jean-Yves Roy (Matapédia—Matane, BQ): Mr. Speaker, I wanted to give my colleague from Joliette a chance to make up for this to a certain extent, although you did warn him about the quotes he used.

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He was however successful in summarizing what happened in 1982 and 1983 and in describing how the federal government at the time, a Liberal government by the way, tried to bring the Caisse de dépôt et placement du Québec to heel. As he mentioned, it is ironic that the same government would, 36 years later, set up a similar institution for the benefit of all Canadians.

I would like my colleague from Joliette to go a bit further and tell us about the benefits Quebec has reaped from the Caisse de dépôt et placement. I would remind the House that the caisse has been in existence for 36 years now and has become a major investor in our economy. Unless I am mistaken, it is the eighth biggest company in terms of the assets it manages.

I do hope that the board being created here today by the federal government will benefit Canada as much as the Caisse de dépôt et placement has benefited Quebec.

I would like my colleague to elaborate a bit more on the Caisse de dépôt et placement and on the context in which it was set up. It was created during the Quiet Revolution, at a time when there was an increase not only in economic activity, but also in the business of all Quebec institutions. I would like the member to briefly comment on this.

• (1715)

Mr. Pierre Paquette: Mr. Speaker, I thank the hon. member for his question. First of all, I thought it was important to give some background, since this episode goes back to the early 1980s, and to deal more particularly with Mr. Parizeau's position, which still seems strikingly relevant today.

As a matter of fact, I think that the investment board will be a powerful instrument for the development of the regions in Canada, just as the caisse has been for the regions in Quebec. We should not forget that, obviously, the caisse's mandate is to make sure the savings of Quebec's workers are well managed and to maximize returns.

But it is also concerned with economic development, and it wants to make sure that projects that are structuring, innovative, and generate jobs but need a little financial help see the light of day. Mr. Parizeau was talking about risk capital, a concept that was not very common back in 1982.

This was the case for Quebec. It is still the case now. Certainly, variations in the stock market affect both the return of the caisse and the return of mutual funds in general. It manages well despite all, in the medium and long term, relatively better than these funds. However, we must remember one thing, and this should be a lesson for this board that is being put in place; the management of the caisse is independent of political authorities.

Of course, it is an institution that is part of Quebec's development, that has responsibilities toward the development of the Quebec economy, and this is quite understandable. It would be pointless for the caisse to get huge returns while impoverishing workers who are also contributing. This difficult balance is the responsibility of the caisse's managers.

I will add one last thing. Partners from the labour market also sit on the board of the caisse. This is also a lesson for the investment

board. There are representatives of the Confédération des syndicats nationaux, the Fédération des travailleurs et des travailleuses du Québec, and of the Conseil du patronat. All these members of the board reflect Quebec's realities and are thus looking for a balance between the return on the savings put into the caisse and the return on investments made by the Caisse itself.

[*English*]

Mr. Paul Szabo (Parliamentary Secretary to the Minister of Public Works and Government Services, Lib.): Mr. Speaker, it is my pleasure to participate in the debate on Bill C-3, having been a member of the finance committee when the former Bill C-2 established the CPP Investment Board. Having spoken on it, I feel I have a little bit of background knowledge on it.

I was astounded today to hear some of the commentary by some of the members. There was one speaker, I believe from the NDP, who suggested that when the GIS increased, the CPP would automatically decrease. That is absolutely incorrect. Canada pension plan benefits are determined independently, they are not subject to an income test or a means test. Canadians get reports periodically on their prospective pension benefits so that they know exactly what they have to work with in terms of their overall retirement planning.

Bill C-3 would provide another step toward the fuller implementation of the creation of the Canada Pension Plan Investment Board which was set up under former Bill C-2 to bring the Canada pension plan into the next phase to take into account the fact that we have an aging society. That is what it comes down to.

Let me comment briefly on the investment board. I then want to get back to the Canada pension plan because it is important that we reassure Canadians exactly what the Canada pension plan system is and how it works for them.

The board established in 1998 and it is an independent arm's-length board from government. It has a mandate to invest only in the interest of plan members. It has full authority to develop and implement investment policies and has a process for choosing its own board of directors.

It now has a track record with regard to the moneys that have been transferred to it for its investment and indeed on a calendar year basis, the Canada pension plan's last reported annual return was 6.2% which outperformed many other large public sector pension plans. Canadians should understand that the board has a good track record. I wish to note some comparatives. People might be familiar with the Caisse de dépôt which over the same period had a return on its investment of negative 5%. It lost 5%. The Ontario teachers pension plan lost 2.3%. In terms of the performance measures, the Canada Pension Plan Investment Board has been doing a good job on behalf of Canadians through the management of Canadian funds.

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There was a question raised by some members about a number of issues such as, why we do not invest in certain types of investments rather than others, for instance, why do we not have an ethical filter, or a health filter? For example, let us not invest in tobacco companies because tobacco is bad. There were a number of principles involved in establishing the investment board and one of those was that it was not going to be manipulated and used as an instrument of policy. It was not going to be used to direct how we were going to influence certain activities either in the marketplace or in terms of social policy.

Therefore, the thinking at the time was that given the size of the fund the investment board was going to manage the fund on behalf of Canadians. It was important that this large investment body, with this large pool of funds, was not going to be used in a way which would bring disruption to the marketplace. It meant that it was going to invest in a balanced way right across the spectrum and basically emulate the investment patterns of all other investors in the Canadian marketplace as well as foreign investment content.

The House has dealt many times with foreign content in registered retirement savings plans, et cetera. Certainly it continues to be a matter which the finance committee has looked at.

• (1720)

It is another element of a good investment strategy to ensure that there is an opportunity to have a balance in a portfolio and that Canadians can earn a fair and equitable return relative to other investment opportunities. However with a restriction on foreign investments, it could be argued that those who have a different investment strategy and utilize investment funds outside of their RRSPs have no limitations on how much they can invest abroad.

They do have options if in fact the returns were that much greater, but in this volatile marketplace the CPP Investment Board is not meant to be an instrument of high risk or volatility. It has to support the marketplace to the extent necessary not to impair the availability of capital for Canadian capital markets. At the same time it should be supportive of Canadian businesses through equity investments that reflect the broad base of listed equity investments as well as debt instruments that are available to all investors.

The issue regarding foreign investment is always under discussion and it is useful to have. I know that the CPP Investment Board is made up of some of the best experts in the industry and those kinds of questions come up. As members will know, the Canada Pension Plan system is a collaboration of federal and provincial governments and there is a tri-annual review, I believe there is a review this fall, at which time the provinces and the federal government get together to look at some of the matters which have come to their attention, and where they may want to review policy positions.

I would encourage all members who are interested in the process to make suggestions to the Government of Canada, to the Minister of Finance, maybe through the parliamentary secretary, about items they would like to see discussed with regard to the future of the Canada pension plan and how it operates. It is constructive to get those items on the agenda so that when the provinces and the federal government get together and sit down and talk about the CPP, they have the benefit of the ideas we have from Canadians and from our own work, whether it be through the finance committee or otherwise.

Their deliberations will determine how the Canada pension plan can better serve Canadians over the longer term.

I was a concerned about one speaker from the Canadian Alliance, the member for Peace River. It reminded me of the discussions that were taking place in the House about the future viability of the Canada pension plan system. The then Reform Party, now the Canadian Alliance, came up with a view that the Canada pension plan system should be replaced by another system which was described as a mandatory pension contribution by Canadians. It is almost a mandatory retirement plan.

This was the solution to the problems of the Canada pension plan system because it has higher premiums than it used to, and it has an unfunded liability. According to the Canadian Alliance we should take that system, put it over here, and the best thing we can do for Canadians is have a mandatory contributory plan to pensions.

I have never, ever thought that this idea was well thought out. I was concerned that someone actually would suggest that somehow retirement contributions would be mandated, knowing that in a volatile world, more often than not people are not only living from paycheque to paycheque, they are actually borrowing to live. How does a Canadian make a mandatory contribution to a pension plan, to a pension program, when cash flow is not available? How does he or she provide for those pension benefits? It makes no sense. I have not heard the explanation and I hope that the members who are suggesting that would explain that point.

There is another aspect. Let us look at the Canada pension plan system and what it does today. It provides pension benefits to Canadians when they reach retirement age. Canadians have the opportunity to retire early, up to age 60 instead of 65, by taking a slightly reduced pension. They also have the opportunity to extend or defer the collection of Canada pension plan benefits and earn even a greater benefit. So there is a little bit of latitude here, depending on personal circumstances. Canadians have this opportunity either to take pension benefits early or to defer them.

• (1725)

The Canada pension plan also provides survivor benefits to the spouse of a pensioner who passes away. It is very important that there be this continuity of the benefits for a family or a part thereof because they have responsibilities.

There are also death benefits. I am not sure if Canadians are aware but under the Canada pension plan system a person does have a death benefit. Should a pensioner die, a death benefit is there for the surviving spouse and for any surviving children. I think the amount was \$2,000 but I believe it is now just \$1,000. It went down but the benefit is there.

Then there is the disability benefit, which most Canadians probably have not figured out why it is in the Canada pension plan system. Under the Canada pension plan system Canadians who become disabled and are contributors to the Canada pension plan system qualify for disability benefits.

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We have talked quite a bit in recent days about the importance of disability benefits and to make sure that people who are entitled to those disability benefits get them. There is some controversy now about whether the rules have been changed and maybe some people who should get disability benefits are not getting benefits. I think members know, through our work in our constituency offices, that there are venues and that every case can be dealt with on a case by case basis to justify a disability benefit.

That is an expensive proposition. Members can imagine how when we build up pension benefits, survivor benefits, death benefits and disability benefits, the CPP is a very important program for Canadians. For the life of me I do not understand how a mandatory retirement plan replacing CPP would address all those other benefits. What would happen to the survivor benefits? What would happen to the death benefits? What would happen to the disability benefits?

I asked the member for Peace River what would happen to the disability benefits. He said that was a very good question and that he would have to think about it.

Those things are not thought about after one says "here is our solution to the problem". Those things have to be thought out in advance. I must say that it is disconcerting to me to think that when suggestions like that come out they could actually become part of a policy or a platform item of a party to suggest that by a stroke of the pen we could get rid of the CPP and do something else, which I am not sure Canadians could manage, particularly in those early years.

We made a number of changes in the plan over the years. They were important changes to respond to the needs of Canadians.

The Canada pension plan system has an unfunded liability and members know that. It has become a source of criticism by the members of the government and of the Canada pension plan system itself. However members must understand from where we came.

The Canada pension plan system started in 1966. When it was first started the initial premiums I believe were about \$35 a year. It was very nominal. At that time there were at least five working persons in Canada contributing premiums for every one pensioner.

Why was the Canada pension plan system set up? If we look back and we figure out who these people are who receive pensions, they are the people who came through the depression years. These are the people who in the most important part of their earning life went through a depression and had no opportunity to provide for retirement. It was devastating for families. They could hardly feed themselves. It was a period of time before I was born, but we educate ourselves and we have to understand where Canadians came from. So that was a big part of why the CPP was set up.

• (1730)

Canadians had nothing for themselves in retirement. We had to take care of them somehow so we established the Canada pension plan system in 1966 to provide some measure of retirement dignity for those who had built this country. What more noble cause could there be?

The people who started collecting pension benefits back in 1966 made no contributions to the pension plan. They just started collecting benefits because they had nothing. So all of a sudden this

principle that we are always in arrears, today's workers are paying for today's pensioners.

When there are over five workers for every one retiree there can be low premiums. What has happened as we have moved through the decades? Our society started to age. In the next 10 or 15 years instead of having five workers for every pensioner there will only be three. It is clear that something has to change.

Pensioners collecting CPP who had worked some 40 years and made regular contributions to the CPP from 1966 to 2001, their accumulative premium contributions were less than \$16,000. I will put that in perspective.

Today's pensioners paid in about \$16,000 if they had worked from 1966 to 2001. What can we get for \$16,000 even if we assume that it was invested and received a fair and reasonable return over all the years of contributions? We would not have received much, and yet our Canada pension plan system paid out pension benefits, death benefits and later disability benefits, the child benefit and survivor benefits.

Things changed to the point where premiums had to increase. Today's pensioners receive about \$8 for every \$1 they put in. The opposition is suggesting that it is a travesty that tomorrow's pensioners will not get the same \$8 for every \$1. I do not know where anyone can make investments like that anymore. We did it at the time because it raised the quality of life of yesterday's pensioners up to a reasonable standard so they could live in the dignity to which they were entitled. It was not equitable but it was the right thing to do.

Now we have to look at the reality of an increasing retirement population. We have to look at the fact that all of a sudden it is expensive to continue to provide retirees with those ongoing benefits and still maintain some stability in that. It costs money and there were increases.

Members continue to say that this was a tax grab, the biggest tax bite ever, and all the hyperbole one can think of. All of the funds in the Canada pension plan are separate and apart from the government's revenue. They are not included in the determination of a surplus or deficit for the year. It is a separate fund. All CPP premium contributions go to the plan and all benefits are paid out of that plan.

When the actuaries did their numbers they told us what we had to do to ensure the long term sustainability of the Canada pension plan system. There were substantial increases. It was important for Canadians to continue to support pension benefits, survivor benefits, death benefits and disability benefits up to a level so that our retirees could live in dignity in their retirement years. To suggest that we are somehow going to take this away and force Canadians to fend for themselves is not only wrong, it is irresponsible.

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• (1735)

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, the hon. member talks about the benefits that will accrue to individuals by comparison to the number of dollars they have put in. He mentioned that some individuals have received \$8 out for every \$1 they have put in. I actually think that is not quite correct. I think that even for the people who put in for the shortest amount of time prior to receiving it the number was somewhat closer, unless they experienced extreme longevity. It is not like that is a bad thing. It is just atypical for someone to have contributed for a very short period of time and then to receive for a very long period of time.

However he is correct when he says that the rate of benefits as compared to the amount of money put in will be substantially less for coming generations. That can scarcely be overemphasized. For people born after a certain point of time, and I cannot remember the exact year but I think the dividing line is some time in the 1970s or early 1980s, they can expect to receive less from the Canada pension plan than they will have put in during their lifetimes.

What is important about this is that it did not have to be the case. If the Canada pension plan had been designed to produce a better rate of return than the lousy 3.8% rate of return that was promised by the former finance minister when he designed the changes, it would have been possible to pay a larger benefit to future seniors and, indeed, to the current group of seniors.

Let us not forget that when he passed his initial package of Canada pension plan reforms in 1995, the former minister of finance, currently the leading candidate for the Liberal leadership, actually cut seniors' benefits. That is never mentioned by that side of the House. That is the precedent for what is going on here. The tendency of the government is to go out and look for ways of taking our pension savings and using them for purposes other than maximizing the benefits for Canadian seniors.

I would like to hear the member explain why he thinks the 3.8% rate of return that the government is promising, which is substantially lower than private returns, is acceptable.

• (1740)

Mr. Paul Szabo: Mr. Speaker, this is the first I have heard about people contributing to the Canada pension plan system and receiving less benefits over their lifetimes than they have put in. It is a surprising thing. I would invite the member to provide me with any information so I could look at it. I looked at it and in fact even people who enter the plan now will continue to get almost \$2 out for every \$1 they put in.

Let us talk about the rate of return. The member is probably quite right. I have not seen his numbers but he is suggesting that it is two point something per cent compared to what the free market might be able to get on a return on investment portfolio. However, does he take into account that all Canada pension plan contributions get a tax credit on every tax return that is filed? Does he take into account that it also provides people with a lump sum death benefit for a person's estate, a person's spouse and a person's children? Does he take into account that there is a disability insurance that is enjoyed throughout the period in which a person is a member of the plan?

Those things do not cost zero. They have to be included in the return. If the member would only take those into account he would find out that he is very wrong.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, now that this large amount of money is out there being invested on the open market on behalf of Canadians, we are now involved in the stock market whether we invest directly in our own personal savings or not because the Canada pension plan is being invested out there.

Would the hon. member agree that there is a need now for the federal government, on behalf of Canadians, to take steps to do something about corporate governance and to take steps to make sure that the places in which we are investing our money are governed by a corporate regime that we can trust to make sure that we do not have an Enron style meltdown disaster underway in this country as they did in the United States? It is like the independence of auditors or forcing companies to list stock options on the expense side of their financial statements if they are using stock options as CEO compensation.

Those issues of corporate governance should be of great concern to the federal government. Would he agree that there is work to be done on behalf of Canadians now that we are out there playing the market with our pension plan?

Mr. Paul Szabo: Mr. Speaker, I understand where the member's heart is on this matter but I think he is hunting with the wrong instrument. The Canada Pension Plan Investment Board is not a policy making body.

I think what he is suggesting is that the board should analyze companies and if it does not like their governance it should not invest in them. That is beyond its mandate. It is important in terms of the concerns of Enron and all those other things but the member should understand that the investment board is not there to disrupt the marketplace nor to invest in any way other than to maximize the return for the plan and, indeed, for the contributors to the Canada pension plan system.

Mr. Geoff Regan (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I listened with interest to my hon. colleague's comments. It is certainly an interesting topic. I would like to ask him, though, how he feels about the aging society. We hear so much about the grey way, with boomers getting older. There are so many concerns about that having an impact on the Canada pension plan. I would like to ask him what impact he sees coming from that greying population.

Mr. Paul Szabo: Mr. Speaker, that would be an interesting subject for discussion for a broadly based round table, because it really is all about the impacts of an aging society, in every aspect. We know how the baby boomer spike has moved through the system and has affected us over the decades in various ways. It used to be that tennis rackets and golf clubs were the big investment for baby boomers and now it is bird-watching equipment.

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The impact on the Canada pension plan system is significant in terms of the ratio of workers to retirees. It is going from about five workers per retiree down to three. It means that there is a greater demand. By the same token, if we follow it out to its logical extension, once the baby boomers get into the late retirement years and in fact pass away, all of a sudden the demand is going to shift again. We are going to go through this and we are going to get the echo generation.

Canadians were saying at the time that they thought the Canada pension plan system was bankrupt or was maybe going to be bankrupt and they were concerned about it. The government, through Bill C-2 and now through this bill, Bill C-3, is completing a process to ensure that the Canada pension plan system is on a sound footing, that the returns on the moneys invested are comparable to other investment opportunities and that this plan will be there for them in their retirement.

• (1745)

Mr. Monte Solberg (Medicine Hat, Canadian Alliance): Mr. Speaker, it is my pleasure to rise and address Bill C-3, an act to amend the Canada Pension Plan and the Canada Pension Plan Investment Board Act. I would love to just jump in and start addressing some of the things I just heard but I want to do this in some semblance of order.

First I want to attack some of the myths I heard perpetuated earlier today by members of the NDP, primarily about the reliability of the market. I also want to say a little bit about the reliability of government. I want to address the straw man that the member for Mississauga South erected about the Canadian Alliance's plan to address the Canada pension plan. I also want to say a little about the lack of emphasis in the whole debate on the benefits of reducing taxes and increasing disposable incomes as a way to enhance people's retirement. Let me start with some of the myths I heard earlier today.

Every time the NDP members get up they talk about Enron. They want to talk about the lack of reliability of the market as an investment vehicle. There is no denying that Enron has been an unmitigated disaster, but there are thousands of companies out there and it is only the very few that go bad and get all the publicity. I do not think there is any question that overall the market provides a superior rate of return to anything else we have found to this point. If people stick with it and invest over the long run they end up better off.

I ask my friends from the NDP, where do they think jobs come from? They come from the market. That is where people find their incomes on a day to day basis. They rely on the market. They do not rely on government. Government cannot create jobs and the societies that have tried to create jobs through government of course are the ones that have crashed and burned and imploded on themselves. The fact is that we get our income standard of living from the government. We get the premiums that are available for the CPP from the market.

Finally, we get all the taxes that are necessary to run the government from the market. That does not mean that the market does not go down sometimes, that people do not become unemployed, but rather obviously it is in the interest of a country

to ensure that the private sector and the market are as strong as they can possibly be because that is where our wealth, our prosperity, will come from.

The very first thing that we need to do when we sit down to have a big debate about retirement systems is to ensure that whatever we do enhances the ability of the private sector, the market, to produce jobs and incomes for people. To run it down as being unreliable really ignores some facts.

That brings me to my second point, which is that the government is far more unreliable in terms of its ability to safeguard people's money than the market. Look at the Canada pension plan as a starter. When the Canada pension plan was formed, the government took the money and lent it to the provinces at below market rates of interest. In other words, Canadians were dutifully paying their premiums while the government, instead of looking out for people who would be getting their pensions, decided it would distribute this largesse to the provinces at below market rates of interest, which maybe would enhance its standing with the provinces but would cheat Canadians out of their pension benefits. That was the first thing it did.

How well does it administer the Canada pension plan even today? Let us remember that it was not very long ago, and I see some Liberals across the way who will remember this, when the government proposed to raise the Canada pension plan premiums by 73% and max them out at 9.9%. The chief actuary at the time called into question the government's assumptions about whether or not those types of premium hikes would be adequate. He was fired for that. It really calls into question the assertions from members across the way that somehow the investment board will be at arm's length from the government, because the actuary was supposed to be at arm's length from the government as well. Notwithstanding that, the chief actuary was fired for having the temerity to point out that the premiums the finance department was proposing would not be adequate to fund the Canada pension plan over the long run.

• (1750)

I also want to point out that there is good cause to suspect that Canada pension plan funds would be redirected beyond just putting them into the stock market index, as has been proposed right now. Where does that come from? Why do I make that assumption? I make it because in 1991, when the former finance minister, the member for LaSalle—Émard, was running for the Liberal leadership, he proposed at the time that the Canada pension plan be used for regional development. In other words, he wanted to take those billions of dollars which were being set aside for people's pensions and gamble them on all kinds of crazy schemes out in the regions.

An hon. member: Nonsense.

Mr. Monte Solberg: My friend the secretary of state, the former junior minister, says "nonsense", but it is a matter of record. It was part of his platform.

We have seen the effect of those types of programs in the past, whether it is the recent pork barrelling of the newly departed solicitor general or a coffin manufacturing company in Cape Breton that was funded by the federal government for three years and did not sell a single coffin as far as I know.

An hon. member: Fibreglass coffins.

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Mr. Monte Solberg: They were fibreglass coffins, a new concept. I do not think the company sold a single one. It went down the tubes. That is the sort of thing the finance minister thought Canada pension plan should be used for. That was 11 years ago, but we have no reason to believe he has changed his beliefs.

I want to point to some of the other funds that the government has said in the past should be beyond the reach of government and should be used for very specific purposes. In fact, that is not the way it has panned out. Let us look, for instance, at employment insurance. Employment insurance ostensibly is there to provide benefits for workers in times of unemployment. Therefore, premiums should reflect the amount of money that is necessary to carry the country through a recession in order to provide benefits for unemployed workers. Typically, if I recall correctly, actuaries say that we would need to have a fund of about \$15 billion. Right now the federal government has raised premiums to such a point with employment insurance that it has taken about \$46 billion more out of workers' pockets than is necessary to provide benefits. That is \$46 billion. I think people have every right to be concerned that the government will not leave the Canada pension plan fund alone. There is every reason to believe that perhaps it might dip into it at some point.

If people say that is nonsense, like my friend said a minute ago, I remind him of what happened to the public service pension plan when it ran a surplus. It ran what I think was a \$10 billion surplus. I cannot recall exactly, but my friend says yes, it was \$10 billion. What do we usually do when a pension plan runs a surplus like that? We go to a judge in whatever province we are and the judge decides how it should be divvied up based on how much the employer and the employee have put in. But there was no such due course in this case because the lawmaker was also the arbitrator, and the federal government took all of it. The public servants, of whom I suppose members of the New Democratic Party would be wildly supportive, were left high and dry because of it.

My point is simply that government is not a very good protector of pension funds or of the public's money in general. There are many other examples I could point to. In fact I could point to how well the NDP in British Columbia looked after the public's money when it came to certain elections in which that government was proposing that it had balanced budgets. In fact it was running a surplus, but in the end we found out we could not rely on what that government said.

That, in short, is the concern. We cannot rely on what governments say, so let us not speak about the unreliability of the markets. The markets at least are widely diversified, but government has total control over taxpayer money. We have no options when it controls that money. The result is that when things go sour, they go sour for everyone. We should be deeply concerned about that.

• (1755)

That is why I have very little faith in the government to keep its hands out of that big pool of cash, which is what is being proposed under Bill C-3. No, in fact the government cannot be relied upon.

I want to address the straw man that the member for Mississauga South erected and then proceeded to tear up, attributing the straw man to be the position of the Canadian Alliance. The member for

Mississauga South said that the Canadian Alliance believes in a mandatory pension plan that people would have to contribute to whether or not they had a job. At least I think that is what he said. That is complete hokum. We have no such position. That is absolutely ludicrous.

We said that we should be open to exploring other ways to enhance the public's retirement benefits. That includes looking at other systems where they take at least a portion of the premiums that people pay toward a mandatory plan and use them to invest in RRSPs that would have to be locked in until a person's retirement. One could not speculate with these investments. There would be a fairly narrow range of things one could invest in. There would be all kinds of safeguards to ensure that there was prudence built into the plan. That is all we are advocating.

We are advocating that precisely for the reason my friend from Lanark—Carleton proposed a minute ago. We have a coming generational war between people who have been contributing into the Canada pension plan for a short period of time and who will then go into retirement and will receive in some cases eight or nine dollars to one dollar, compared to people who are just starting to pay into the Canada pension plan now and down the road will actually end up with a negative return. The member for Mississauga South doubted it but all he has to do is consult the chief actuary's report. He will see that people coming on stream today will not end up better off under the Canada pension plan.

When we take into account the opportunity cost, in other words what people could have done with that money if they had invested in bonds or an index fund, and compare it to the return they would get on the Canada pension plan, they end up definitely much worse off. That is no exaggeration. That is precisely what the chief actuary of the plan is saying.

We want to ensure that young people today have some options. That is all we are saying. We do not think it is fair to condemn those people to paying more and more of their money to taxes, thanks to the government, and more and more of their premiums to a Canada pension plan that leaves them actually worse off over the long run.

The final point I want to address is the lack of emphasis in this whole debate on the need to increase people's standard of living, their take home pay, as a way of enhancing their retirement. The Canadian Alliance for a long time has said that tax relief is an additional pillar that needs to be considered when we are talking about retirement incomes. It is fine to talk about changing the rules with respect to RSPs. We agree with that by the way. We think that RSP levels should be raised and we have argued for that. It was a plank in the last election campaign. We believe that very strongly and will continue to argue for that.

We believe that the CPP should be changed and I have just said a little about that. We believe in sustaining old age security and the spouse's allowance and all those things. We have no argument with that.

What we do say is that everyone will be better off, both in their current spending and in their ability to fend for themselves in their retirement, if we start to lower taxes in a more dramatic fashion. The government has run up a number of surpluses over the last number of years. What has it done? It has driven spending levels through the roof.

Today I heard the most hilarious thing I have heard in this place in a long time when the finance minister got up and said that as a percent of the GDP our spending has gone down. That is interesting but completely irrelevant. What is relevant is the amount of spending per capita. Has the spending per capita gone up in real dollars over the last number of years? It has gone through the roof. That is the real issue.

• (1800)

What we should be doing is establishing a level of spending per capita and staying at it, not continually raising it, crowding out private investment in the market.

Now that, in our judgment, we have more than adequate amounts of money going into the government coffers to provide all the goods and services that we need, we need to do a couple of things. We need to ensure that money goes to the things that are most important.

After the resignation of the Solicitor General today we can make a pretty strong argument that clearly that has not been the case in the last little while. We see all kinds of money going to pork-barrel type programs in different regions of the country, which is completely wrong. It is an offence to see the Prime Minister stand up and defend it, especially when one considers that the Solicitor General was breaking the criteria for the program that he was getting the money from.

If the rules are there, they should be abided by. It is the government that sets the rules. If it does not want them there, then get rid of them and at least be honest about it, but the government itself put the rules in place supposedly to protect the interests of taxpayers.

We believe that billions of dollars can be saved by pruning unnecessary programs, programs that are used for patronage and pork barrelling, programs that are of little or no benefit, or in some cases are actually injurious to the health of the private economy. Let us get rid of those, take the savings and put them toward things that really do help people, things like health care, which makes sense to us, and things like a few million dollars for the disability tax credit.

The members across the way try to claim the high ground when it comes to being concerned about the disabled. They are the ones who are proposing that the tax credit rules be tightened, thereby denying many thousands of disabled Canadians the ability to save a few dollars because they have extra expenses because of their disability. We think it is meanspirited. We would like to see the government take some of the savings pruned from pork barrelling and put it into things like that.

We would like to see the military strengthened. We would like to see money for health care. These are clearly things that Canadians value. There is about a \$15 billion to \$20 billion envelope in the government that we know is rife with waste and we would like to see

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that pruned. We also believe that we should take the savings, pay down debt and lower taxes.

If we look up on the wall in this place, there is a carved relief that reads "impôt tax". Now if that does not speak volumes about this place, because it is a money-sucking hole when it comes to tax dollars. It is entirely appropriate that the relief up there has a little family of three, a mother, a father and a child. To me it just speaks volumes about the attitude around this place.

Families like that family depicted up there are held hostage by ridiculously high rates of taxation. It has an impact on the ability of people not only to look after their families but it also has an impact on their ability to set aside money for their retirement. We know that.

The statistics tell us that very few people can contribute to their RRSPs to the maximum. That has a lot to do with the high levels of taxation. We know that people have a negative savings rate or a very close to zero savings rate today because we have very high levels of taxation in Canada. When the finance minister was the industry minister, he pointed out that Canada's standard of living relative to that of the United States was lower than the poorest of the poor American states of Alabama and Mississippi. Those are not my words. It was the finance minister, the Deputy Prime Minister, who said those things when he was the industry minister.

The government needs to have a plan to lower taxes dramatically. It has no such plan. It needs to pay down debt in a rigorous way, not whenever it just decides to do it but as a line item in its budget. We would like to see a plan that overall convinces the world that Canada is a great place to invest, something that is certainly not reflected in the strength of the Canadian dollar today. We would like to see a government that produces a plan that gives Canadians some real hope.

• (1805)

Mr. Bryon Wilfert (Parliamentary Secretary to the Minister of Finance, Lib.): Mr. Speaker, I heard the hon. member's comments and I am not sure if he read the bill. The bill will consolidate all CPP assets under one independent board to enhance risk management. I am not sure whether the member is for it or against it, but I want to make it very clear that the board has been brought together by the fact that the ministers of finance of the provinces and the federal government consult and nominate members to the board.

There was some question about who was on the board. I think there was some question as to the quality of its members. Let me just suggest that the quality of its members is outstanding. There is Dale Parker, corporate director, former president and CEO of the Workers' Compensation Board of British Columbia. There is the retired former chairman of the Toronto-Dominion Bank, Richard Thomson. A former economics professor and business executive from the University of British Columbia is on the board. We have an outstanding list.

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The fact is that the provinces and the federal government nominate these people. They have to have a strong background in the fiscal sector and investment ability. We know that public and pension management experts say this is an extremely well-run board. It is at arm's length of government. It is free to pursue courses of action which some of us have talked about today. What is important is that this is a board that has been supported by all the provinces and the federal government and is of the highest quality.

Does the member support the changes which the provinces and federal government have unanimously come to? Does he believe that we should throw people out into the marketplace who do not necessarily have a lot of dollars—

The Acting Speaker (Mr. Bélair): The hon. member for Medicine Hat.

Mr. Monte Solberg: Mr. Speaker, obviously the hon. member was not listening. I did not question the credentials of anybody on the board. I did not address that issue. My friend across the way is looking at the little picture. I am looking at the big picture.

The little picture automatically assumes that it is best to invest all this money in the hands of one body. That is what we are arguing against. We are saying that is not the way to go.

What we are arguing is that every time the government has set aside money, ostensibly on the grounds to look after people, what has happened is the government has dipped into it. Whether it is the Canada pension plan before where the government was lending out money to the provinces at below market rates of interest, whether it was the EI fund which the government ripped off to the tune of approximately \$40 billion, whether it was the public service pension plan which it ripped off to the tune of \$10 billion, it does not matter which case we look at, what we find is that the government cannot resist a big pot of money.

I also point out to my friend that the claims he makes about the independence of the board in a way are irrelevant. The chief actuary of the Canada pension plan was supposed to be completely independent. When he gave the finance department information that it did not like and pointed out that the premiums that the finance department were proposing were not going to be enough to cover the deficit in the CPP, the department fired him. I would like to hear a response from the member to that.

• (1810)

Mr. Bryon Wilfert: Mr. Speaker, it is astonishing how the member can stand up and talk about everything other than the true facts.

The fact is that we have an independent board. The big picture is do we want Canadians to have a sustainable CPP or not? From all the evidence, I think the majority of Canadians do. We have undertaken that review since 1997 in conjunction with the provinces and we are now implementing the final stages of it.

In terms of return on investment, maybe the member missed it earlier. The fact is that as of December 31, 2001, the return was 6.2% as against any other publicly funded pension plan, such as OMERS, the teachers' plan, et cetera. In other words, we have an excellent board that is undertaking to make the kinds of investments which are secure for Canadians.

Again, I go back to the member. Does he think that the approach taken here, with the consent of the provinces, which I know his party is always concerned about, is one where there is a balance between the market and providing security for Canadians in the long run?

Mr. Monte Solberg: Mr. Speaker, I think my friend missed the point again. I am not arguing that these are not independent people, they are. I am not arguing that.

My point is that if the government says to the board that its mandate will now be, for instance, to use this money for regional development to some degree, which is what the former finance minister advocated when he was running for the leadership in 1991, then that is what it would have to do. Even though it is independent it would have to find a way to do that because that is its mandate. Some board members might resign, and I would hope that they would.

I would also point out that when it came to the public service pension plan, I do not doubt the independence of the people who ran it. That is not the point. The fact is the government decided that it would come in and take the money away. It has nothing to do with the independence of the people who administer the plan. It has to do with the intention of the government. Frankly, in the past the government's record has been awful.

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, I have to comment upon the hon. parliamentary secretary's observation about two things.

First, is with regard to the independence of the board. An equally independent board of outstanding individuals was put together for the Caisse de dépôt et placement du Québec. Eric Kierans served on that board in 1978. He resigned in protest when the government decided to use moneys from that plan against its original purpose. It issued a below market interest loan to the provincial government; in other words, to confiscate money from the Quebec pension plan investment fund and give it as a gift to the government of the day. There is no guarantee under this legislation that the same thing would not happen here.

Second, we hear over and over again from the parliamentary secretary about the unanimous consent of the provinces to this. Let us be clear about why the provinces have been so enthusiastic about this. It is because the Canada pension plan traditionally has invested all its moneys in below market interest bonds to the provinces. It gets the special rate given for federal government bonds, which in some cases is up to 20 basis points lower than the market rate for those provincial government bonds; in other words, used as a method of regional redistribution of moneys as opposed to maximizing the rate of return.

The reason the provinces went along with these changes was because the former minister of finance, the current leading candidate for the Liberal leadership, has gone out and redefined this pension plan. The first thing he did when he was working on this legislation was to expand the amount of money going to the provinces in the form of below market rate investments; in other words, a further theft from the pension savings of Canadians. The parliamentary secretary stands here and defends this. It is absolutely outrageous. He owes an apology to Canadian—

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The Acting Speaker (Mr. Bélair): Order, please. The hon. member for Medicine Hat.

Mr. Monte Solberg: Mr. Speaker, I want to thank my friend, who is very knowledgeable about this, for pointing that out.

It points to the political hazard that occurs when the federal government gets involved with big pools of money like this, ostensibly money that is supposed to look after the retirement incomes of Canadians. Inevitably the government starts to consider what is best for it as a political outcome. That is the problem. That is why we advocate that this money should be disbursed. That is why we have advocated this idea of Canadians owning their own accounts to some degree. The money should be disbursed because the government inevitably uses taxpayers' money for reasons other than what it initially was designed for.

If the point is to enhance retirement incomes, to ensure that Canadians get the best possible return, to ensure that disabled Canadians get the best possible pension, then how can the government justify below market rates of interest to the provinces in this plan, just like it was in the last plan? The problem is that it has forgotten what this money is for and it is starting to use it for its own political interests. That is the problem.

• (1815)

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, I am pleased to rise and join the debate on Bill C-3. The bill is basically completing the implementation of the Canada pension plan reform that was started in 1996. We know the policy and the platform of the Alliance members opposite, and that is to set up private pension plans. They talk about distributing it to Canadians so that everyone has their own account and their own private plan. If we look at it in more detail we do know who benefits from that. It is all their buddies, the investment advisors and the brokers on Bay Street. They have modelled it after what they have in Chile. We all know what happened in Chile. The plan did not work.

What we have in Canada is probably one of the most respected pension schemes, pillar approaches to pension management in the world. It is recognized around the world. It is based on the three pillars: the old age security program, the Canada pension plan, and the employer-sponsored pension plans, RRSPs. These pillars are closely integrated and form a cohesive approach to retirement planning and income.

The bill would transfer the balance of the assets that were held by the federal government to the Canada Pension Plan Investment Board. It would complete the process. The board would be able to manage this portfolio in a balanced way. It has a clear mandate to optimize the returns for the contributors to the pension plan. It would remove one of the bottlenecks or ways that it was hamstrung previously when it had to invest in provincial government bonds and was receiving a less than optimal return for the contributors to the pension plan.

We need to go back a bit in history as well to the mid-nineties and perhaps earlier where many Canadians were concerned about the sustainability and the soundness of the Canada pension plan. The government launched an extensive consultation process across Canada, talking to various experts and Canadians in general, the provinces and territories. There were two main approaches that were

under debate: first, the government could have increased the premiums; and second, it could have reduced the benefits. However, the government, in its wisdom, decided to do a combination of both. There was some modification of benefits but there was also an increase in the premiums to a level of a 9.9% contribution rate.

Contrary to what the members opposite say, there have been three actuarial reports since those measures were undertaken that have confirmed the soundness, the actuarial soundness, of the Canada pension plan. We now know that the Canada pension plan is on a sound footing and that Canadians can rest assured that their pension requirements will be met through the Canada pension plan.

When we look at investment returns, we need to look at it over the medium to long-term. I know in my own account I look at mutual funds. Some mutual funds have achieved high rates of return in the short run but over the medium to long-term are not as successful. Therefore, we need to give the board an opportunity to prove that it can optimize and diversify this portfolio of investments. I am sure that it is up to the job because, as my colleague pointed out, it has a capable, independent and arm's length board that is managing this portfolio. The bill would transfer the balance of the assets to the control of the board so that it could manage a diversified portfolio in a sound way, one that spreads risk and manages risk in a much more cohesive way.

This board would have a sound governance that it is designed to achieve. We hear a lot about corporate governance these days. The board of directors would be independent and accountable. There would be quarterly reports. There would also be an annual report to Parliament. The policies of the investment board would be open and transparent. It would hold public hearings every two years. There is a website so that Canadians can dial up and see how the fund is doing.

• (1820)

This board has a mandate to operate in the best interest of CPP contributors and its beneficiaries. It is very much like any large pension plan that has the ability to diversify into bonds and equity investments. Today's market has been badly hit, so in this market any pension board that is beating the market is doing very well and once the market returns to a sounder footing, I am sure that the CPP board will achieve some excellent results.

I would like to comment on the three pillars because the bill is fairly routine in the sense of completing the implementation of the CPP reform and transferring the balance of assets to the board. I would like to look at the old age security program and the GIS. I have many constituents in my riding who are on fixed income. In my area property taxes have increased and I have a number of constituents who have worked hard all their lives who are living in modest suburban homes and are finding that on a fixed income the pressures on them to maintain their property taxes and their standard of living are severe. It is something that we need to look at in terms of seniors and how they are able to cope, people who are on fixed incomes.

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We know that the old age security is adjusted by inflation and the GIS but perhaps we should be looking at that in a more comprehensive way. Doing so would have a cost attached to it. Canadians do not want to go back into deficit but it is something that the government should be mindful of. Likewise I hear from many Canadians in my riding, of modest income, who are concerned about the clawback provisions, individuals who have worked hard all their lives and contributed to a private pension and to the CPP and suddenly now because they are at an income that is not excessive but at a modest income level, a lot of these pension benefits are taxed away. That is something over time that the government should be looking at to see if there is a way to remove a disincentive in the system that has a tendency to penalize those Canadians who have been responsible and put away money for their retirement.

We have other issues under the private pension schemes and RRSPs, that is, that there are limits in terms of the deductibility of contributions to pension plans for companies. For example, an auto worker with Ford, GM or Chrysler, the amount of contribution that the employee can make and that the company can make to a company pension plan is limited by our tax rules. It is something that our government should look at over time. Likewise there has been much discussion regarding RRSP contribution limits. The government has increased them quite substantially and consistently over time. However if we look at the three pillars of our retirement system, we need to ensure that all the pillars are acting in a uniform, consistent way so that if the government was to do anything with the RRSP contribution limits it seems to me that it would also need to look at the CPP contribution limits for private or corporate plans.

The bill before us is fairly straightforward. I cannot imagine that the members opposite would not want the contributors and the beneficiaries of the Canada pension plan not to have an actuarially sound plan, not to provide the opportunities for the managers of that portfolio to achieve the maximum benefits within a sound and a risk managed environment so that the returns could be increased and the contributors would receive the maximum benefits that they could. I cannot imagine that the members opposite would vote against that.

• (1825)

To conclude, I would say that this CPP reform is really another segment of the government's approach to fiscal management. The member opposite talked about tax cuts and paying down the debt. I guess he has not been listening or has not been around, but in the year 2000 our federal government introduced the largest tax cut in Canadian history. In fact, this year those tax cuts are saving Canadians \$20 billion a year.

With respect to the debt, the government has now paid some \$45 billion or \$46 billion against the federal debt. Is it still too high? Of course it is, but without the actions of the government in eliminating a \$42 billion deficit in only five years we would not have been able to even attack the debt. We have started that process. By paying down in excess of \$45 billion, the federal treasury is saving \$3 billion a year annually. That is an annual saving. Those funds can be redeployed to more tax cuts or to strategic investments in social programs or other economic programs or to pay down the debt.

CPP reform is another step or another cog in the wheel that is improving the lives of Canadians from coast to coast to coast. For

members opposite, once they have had their comments in the House for the benefit of I am not sure who, perhaps their investment adviser friends on Bay Street, given their fundraising constraints and I am not sure who they are trying to reach with this private pension scheme, we do know that it will not work. In Canada we have a culture of doing things together, of acting as a community of people sharing risks among ourselves. We do not just throw everyone to the hounds. We have that culture in Canada. The CPP is something that everybody in Canada appreciates and benefits from.

The members opposite often talk about the CPP as a tax. When we talked about the increase in CPP premiums, I remember that the members opposite on many occasions said in the House that it was an increase in tax. Of course it was not. The CPP is not a tax. It is a contribution based plan that takes contributions and premiums from employers and employees and puts them into a fund that will help Canadians plan and execute their retirement in a sound and reasonable way.

Again, I think the members opposite really do not have it right. They should be thinking more clearly about these measures that our government has implemented and continues to implement. I know that we all look forward to the next budget. In fact next week the Minister of Finance will be giving an economic and fiscal update. I am sure he will comment on the Canada pension plan and its soundness.

I am very glad the government has taken these steps. I look forward to my own retirement one day when this plan will have optimized my contributions and the contributions of other Canadians to the benefit of all.

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, we note that Bill C-3, the amendments to the Canada pension plan and the Canada Pension Plan Investment Board, contemplate changing the rules regarding foreign investment, so that now under Bill C-3 the board would be allowed to invest offshore in foreign investments up to 30% of the amount that it is investing. It is certainly our view that if we are to invest taxpayer money on the private market it should be invested locally to get the maximum return for local businesses, for Canadian enterprises, and that any benefit from this investment, whether it is venture capital or an equity investment in a company, should be geared to yield the maximum returns. I would ask the hon. member to comment on why the bill contemplates foreign investment of up to 30%.

I will add one more detail to that. The experience to date has been that the board's Canadian investments have yielded a 13% return and all its offshore investments combined have yielded a negative, a minus 3% loss. For all the reasons I have stated and the obvious reason that these foreign investments are not yielding a higher rate of return than local investments, would he not agree that we should not have this 30% ceiling for foreign investment?

• (1830)

Mr. Roy Cullen: Mr. Speaker, I thank my colleague for his two-part question. I will attempt first to deal with the first part.

Government Orders

What is being done here is to bring the foreign property rule into line with other pension plans. It is a question of consistency. It would not make much sense at all for the CPP to have a different set of rules than other plans. Canadians are not even close to taking up the full 30% of the foreign property rule. Some Canadians say that we should relax that completely and eliminate the 30% rule, but I am not so convinced. First of all, I think there is a lot of room right now to take it to 30%. The counter-argument of course is that Canadians should have the ability to decide where their investments are made, in Canada or offshore. I have a certain sympathy with that argument, but if it is going to be subsidized or supported by the Canadian taxpayer we would like to encourage that kind of investment in Canada.

The member is quite right when he says that markets in Canada have performed very well. I think that if we have a sound investment board it will take those factors into consideration. It is not really for us to try to second guess what the board will do. If the domestic market is outperforming foreign markets, then presumably the board would make those decisions in the best interests of all.

Mr. Scott Reid (Lanark—Carleton, Canadian Alliance): Mr. Speaker, my question relates to the one that the hon. member from the New Democratic Party raised, but I must say that I take somewhat the opposite approach to the question of foreign content.

It seems to me that on principle we actually could defend zero per cent foreign content if we believed in autarky and no trade and so on and so forth. We can and I think we should defend a complete openness so that as much as possible can be invested wherever the best investments are, without regard to any consideration other than producing the best rate of return for Canadian pensioners. Thirty per cent or any other arbitrary percentage is of course indefensible. It is merely an arbitrary decision based upon political considerations.

I have to talk about what this means for Canadians and for the rate of return on our investments. Keith Ambachtsheer, one of the leading actuaries in Canada, has said that in order to achieve the same rate of return on a purely domestic portfolio one must absorb substantial extra downside risk. That is the danger of trying to achieve a certain rate of return while excluding the 98% of the world economy that is not in Canada. If we do not accept that extra risk, we can expect to achieve substantially lower rates of return over a period of time.

In addition, and this is critical, when a large fund of over \$100 billion is invested in a small economy such as our own, the result is that every time we try to buy equities we raise the price, thereby essentially finding ourselves guaranteeing a lower rate of return. Every time we try to sell the same thing happens in reverse. That is the critical argument for looking at the world economy. This is so important that I think we should look at broader diversification.

A final note is with regard to the question of displacement of assets. Just because this pension fund puts more than 30% into the world equities market does not mean Canadian companies will be deprived of that money. What it means is that this money will be moved where the investors think it will do best. Opportunities will be opened up as a result for well informed Canadian investors, and perhaps foreign investors as well, to invest in Canadian companies. We will see investment going to individual companies where it is

best suited to produce the best rate of return. That is what we should support.

● (1835)

Mr. Roy Cullen: Mr. Speaker, there is a lot of confusion about the foreign property rule. Some people say that Canadians should be permitted to invest their retirement funds in any portfolio they wish. Of course Canadians can do that. No one is preventing them from doing that, but when it comes to getting a subsidy through the tax system, I think it makes for good domestic policy to set certain limits. The government has acted on this. It was 10% some years ago. It was increased to 20%, then 25% and is now 30%. In fact, the domestic returns have in many cases exceeded the returns in the offshore markets. A sound and prudent portfolio manager would take that into account and would decide where to invest the funds.

I do not really agree that it should be totally wide open. As to whether the government would want to increase it beyond 30%, I would support that, but I do not think opening it up completely would have the support of most Canadians.

Mr. Pat Martin: Mr. Speaker, moving on to another issue, I note that under Bill C-3 the Canada Pension Plan Investment Board, even though it invests on behalf of 16 million Canadians, would only be required to hold public meetings once every two years. Even though this is a fairly new venture and we are breaking new ground by rolling the dice with pension dollars on the open market, only once every two years would the board have to come back to the shareholders, the actual people who would be affected by the investments. Even the shareholders' meeting, or the pensioners' meetings or the public meetings, would not really be democratic in any kind of way because unlike a shareholders' meeting those pensioners would not be able to move amendments or give direction to the board.

When the buzzwords these days are transparency and accountability, how does the government defend the idea that the board would only have to answer once every two years to the very pensioners for whom they are investing?

Mr. Roy Cullen: Mr. Speaker, when we look at transparency and accountability we need to look at the full sweep of measures.

The member raises the point about public hearings every two years. This would be an opportunity for citizens to come out and express their views if they felt that the portfolio was under performing or they felt that the benefits should be expanded.

However, in addition to the public meetings every two years, the investment policies of the board are open and transparent. There are quarterly reports on the performance and the operations of the pension board. An annual report is presented to Parliament and that could trigger a debate in the House. There is a website.

I think Canadians will have full and ample opportunity to judge the performance of the board and to raise their concerns.

I think the turnout at public meetings more than every two years would be less than optimal. Canadians want to be consulted but they would like to be left alone from time to time as well. I think with this full set of accountability measures the government has responded very adequately.

Adjournment Debate

• (1840)

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I will use this opportunity to speak briefly to Bill C-3 and some of the areas of concern to the NDP. We did not have an opportunity to raise many of them during the debate.

One of the issues I would like to raise in this short period of time is that there is nothing in Bill C-3 or the guidelines for investment that give direction to the Canada Pension Plan Investment Board to deal with ethical investments. In other words, even though this is a popular trend and a popular theme in many other pension plans, the pension board has very few guidelines because it is not mandated to invest locally to advance domestic businesses and it does not have to follow any ethical guidelines.

Theoretically, my pension plan dollars could be used to invest offshore in some sweatshop operation that I do not approve of, or in some tobacco industry investment that I do not approve of. We have very little or no say. There should have been a process whereby ethical screening would take place for any of these investments. Certainly one of the shortfalls of Bill C-3 is it fails to give direction to the board that Canadians by and large want ethical investments.

We argue that we do not have to accept a lower rate of return to invest ethically. In fact many of the green funds and the ethical investment funds on the market currently, some of the financial instruments, are outperforming general funds. We do not believe that is necessarily any kind of a compromise.

Speaking of the composition of the board, the documents circulated by the government which talk about Bill C-3 say that the board is made up of experts in the field, if I could put it that way, from the financial community, people who have a history and a background of dealing with large scale investments of this nature. Keep in mind that we are dealing with \$120 billion to \$130 billion within five years. That just has not been true.

At least one of the eleven people appointed is the former member of Parliament who represented my riding before I beat him in 1997. He is a university professor in political science with no experience or history in financial investments of this nature. Therefore, at least one is clearly a political patronage appointment, a reward or fallback position, so to speak. The composition of the board is still one of the real shortfalls of this whole idea.

Now \$120 billion to \$130 billion is being invested on the open market by a group of 12 people. It is being invested badly because in every quarterly report that has come out so far another \$1 billion has been lost. Frankly we would have been better off if we had remained with the status quo and had not been seduced into the open market by the high rates of return during the high earning years when the IT sector was showing rates of return of 20%, et cetera. We were seduced into that market.

There is a rule in that sort of investment arena. One does not gamble with scared money. One does not go in there unless one is prepared and knowledgeable. Tourists are not brought to the table. Amateurs should not be part of the board.

Even when we lost \$1 billion per quarter, the CEO's salary was doubled. In the first quarter that the board reported, \$1.2 billion was

lost. The CEO's salary was doubled, as a reward I suppose for that great track record, and his performance bonus was doubled.

This smacks of the worst kind of corporate governance that no one has any tolerance for any more after watching the corporate fraud fiascos in the United States as well as across the border in this country with Livent as of today. We seem to be replicating the very worst aspects of corporate governance rather than setting some new higher standard with a well structured board that meets, that has to report back more than every two years and that is composed not by Liberal patronage appointments but actually by qualified people.

First of all, I do not believe we should be rolling the dice with Canadian pension investments. We should be following the model of the Quebec pension plan, which mandates that a maximum rate of return is one objective, but secondary objectives are to promote business within the province of Quebec. That way we kill two birds with one stone and maximize the benefit of those hundreds of billions of dollars that will be invested.

• (1845)

The Acting Speaker (Mr. Bélair): The hon. member for Winnipeg Centre has 15 minutes remaining if he wants to use it tomorrow.

ADJOURNMENT PROCEEDINGS

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

[*English*]

VETERANS AFFAIRS

Mr. Pat Martin (Winnipeg Centre, NDP): Mr. Speaker, I am glad to have an opportunity once again to ask this question of the government. I rose twice before in the House of Commons and asked the federal government how it justified that aboriginal and Métis people who volunteered to join the army, went overseas, fought in the second world war and the Korean conflict, then arrived back in this country after serving the country in the wars, were not given the same financial benefit and settlement services that other non-aboriginal veterans were given. They were denied the same settlement services, educational opportunities, housing opportunities and cash for financial settlement services to help them readjust to Canada after serving this country overseas.

I asked the Minister of Veterans Affairs and the Minister of Indian Affairs and Northern Development a year or two ago when they would finally settle these longstanding claims. These aboriginal veterans are getting older. Many of them are in their eighties. Many have passed away already. In fact, there are only about 1,800 left who are eligible for benefits.

Adjournment Debate

After pressure from the aboriginal community and the Assembly of First Nations, the Minister of Indian Affairs and Northern Development ultimately made them an offer of settlement. A national round table on the issue met for two years and came out with a recommendation of \$120,000 per person as compensation that would be comparable to what non-aboriginal veterans received. Some figures were as high as \$430,000 per aboriginal veteran so it was anywhere in that range.

The offer made by the Minister of Veterans Affairs to the aboriginal veterans was \$20,000. Less than one-fifth of the most conservative estimate of what was owed to them was offered in a very cynical move. These elderly people are starting to think that they cannot fight the fight much longer and that they will have to accept the lousy one-fifth of the most conservative figure or get nothing at all, and that at least their children would be able to enjoy that amount of money.

The most recent question for the Minister of Veterans Affairs was would the government revisit the negotiations, sit down at the table again and reconsider the settlement agreement for the 1,800 outstanding aboriginal and Métis veterans who were denied settlement benefits when they returned from the second world war and the Korean conflict.

Mr. John Finlay (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I am pleased to elaborate on the Government of Canada's offer to first nations veterans.

In February 2000 the federal government agreed to establish a national round table on first nations veterans issues, as my friend has said. This process saw the cooperation of several government departments along with various representatives from first nations groups who were committed to addressing these concerns.

In response to the grievances of first nations veterans and the national round table report, the Minister of Veterans Affairs announced on June 21, 2002 that the Government of Canada was offering up to \$20,000 to each eligible first nations veteran or surviving spouse as an offer of goodwill. Members of all political parties were supportive when the minister made this announcement in the House.

In fact, this amount is consistent with the benefits offered to other veterans groups by the Government of Canada, such as the merchant navy veterans and the Hong Kong prisoners of war, two other groups who were not compensated adequately following the hostilities. I should also say that the amount to be received by each veteran under our current approach to veterans benefits is tax free. I wish to reiterate that this offer is one of goodwill and is not an ascertainment of liability or its absence.

I am also pleased to learn that eligible veterans' surviving spouses or estates have since accepted the offer.

Indeed, there is acknowledgment that the government continues to be prudent and focus spending on the highest priorities of Canadians.

In the recent Speech from the Throne the government pledged to close the gap between non-aboriginal and aboriginal Canadians. It also pledged to support children and families in poverty, to make more competitive cities and healthy communities, to build on

investment and skills, learning and research and to meet the challenge of climate change in the environment.

There are always competing priorities for taxpayers' dollars. The revenues of the government are revenues of the citizens of this country and are to be used for all programs.

It is also my expectation that the applications will all soon be processed so that the cheques may be delivered very soon. The deadline for receiving those applications is February 15, 2003. A 1-800 number is already in place to receive inquiries from first nations members and to register them for an application. These veterans, along with all of those who served our country, have our admiration and respect.

As you know, Mr. Speaker, the Government of Canada is grateful to first nations veterans and all veterans for their wartime sacrifice and is committed to fairness and equity in providing for all Canadians who served their country.

I thank the minister and the Department of Veterans Affairs for advancing this particular file to a fair and just resolution. As the House knows, the Minister of Veterans Affairs first and foremost is an advocate for our veterans. He is honoured to be serving the needs of those who so valiantly served our country in times of war.

● (1850)

Mr. Pat Martin: Mr. Speaker, I am not satisfied with the minister's message read by the parliamentary secretary.

We believe that when the national round table studied the issue and recommended at least \$120,000 per veteran, that should have been binding. The offer made to the veterans, many of whom are in a desperate situation and either their health is failing or they are getting older, was less than one-fifth of the most conservative estimate of what the value of those benefits should have been.

Again, I say the high end was \$430,000 each. The low end was \$120,000 each. The offer made was up to \$20,000 and they had to sign a release saying that they would not go after any further funds.

I believe it was a cynical move. The government should be ashamed of itself for not dealing with these people honourably and giving them the compensation that all Canadians deserve after serving in the conflicts overseas.

Mr. John Finlay: Mr. Speaker, I can understand the concern of the member opposite, however, I must reiterate that when the Minister of Veterans Affairs announced in the House on June 21 that the Government of Canada would be offering up to \$20,000 to each eligible first nations veteran as a gesture of goodwill, members of all political parties were supportive. I presume they were supportive because they knew that was just about the amount that was given to the merchant seamen and to the Hong Kong prisoners.

The offer to first nations veterans was in response to the national round table report and to the grievances of first nations veterans. It was an offer of goodwill and was not an ascertainment of liability or its absence, which I suggest the other figures suggested by my hon. colleague would be.

Adjournment Debate

Eligible veterans' surviving spouses or estates have the option of accepting this package or not. The offer is consistent with similar offers made to other groups, as I have said.

Let me reiterate that the federal government's offer to first nations veterans is a fair offer and one that I hope first nations veterans will accept.

[*Translation*]

The Acting Speaker (Mr. Bélair): The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24(1).

(The House adjourned at 6.54 p.m.)

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