



CANADA

# House of Commons Debates

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OFFICIAL REPORT  
(HANSARD)

**Tuesday, February 27, 2007**

—

**Speaker: The Honourable Peter Milliken**

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# HOUSE OF COMMONS

Tuesday, February 27, 2007

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

•(1000)  
[English]

### MAIN ESTIMATES, 2007-08

A message from Her Excellency the Governor General transmitting estimates for the financial year ending March 31, 2008 was presented by the President of the Treasury Board and read by the Speaker to the House.

**Hon. Vic Toews (President of the Treasury Board, CPC):** Mr. Speaker, I have copies of the estimates for the Table.

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### GOVERNMENT RESPONSE TO PETITIONS

**Mr. Tom Lukiwski (Parliamentary Secretary to the Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to one petition.

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### COMMITTEES OF THE HOUSE

#### CITIZENSHIP AND IMMIGRATION

**Mr. Norman Doyle (St. John's East, CPC):** Mr. Speaker, I have the honour to present, in both official languages, the 11th report of the standing committee entitled, "Question of Privilege".

#### STATUS OF WOMEN

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, I have the honour to present, in both official languages, the 12th report of the Standing Committee on the Status of Women entitled, "Turning Outrage into Action to Address Trafficking for the Purpose of Sexual Exploitation in Canada". This is a very important report. All committee members have shown great interest in it. We hope all parties will cooperate to review and implement the recommendations.

•(1005)  
[Translation]

### NATIONAL CEMETERY OF CANADA ACT

**Hon. Mauril Bélanger (Ottawa—Vanier, Lib.)** moved for leave to introduce Bill C-408, An Act to establish the National Cemetery of Canada.

He said: Mr. Speaker, it is my privilege to introduce Bill C-408, An Act to establish the National Cemetery of Canada in the House this morning.

First I want to thank the hon. member for Ottawa—Orléans for seconding this bill, and I know that the hon. member for Ottawa Centre will express his desire, later today, to second it as well.

The purpose of this bill is essentially to make Beechwood Cemetery the National Cemetery of Canada. Statesmen and stateswomen are buried in that cemetery as are a number of generals. In fact, a rather accurate reflection of this country can be found there.

I am pleased that the representatives of the cemetery and its not for profit foundation have demonstrated their respect for the bilingual nature of our country, our linguistic duality and cultural diversity.

[English]

The people who have been managing the cemetery for the last few years have demonstrated their sensitivity to the make up of Canada and the cemetery now reflects Canada's cultural diversity. It also reflects the proud military history and of the police. In effect, all the ingredients that are necessary for a national cemetery are found there.

I hope my colleagues will see the non-partisan aspect of this bill by the fact that members of the government and the other opposition parties have supported it, and will see to it that it becomes law.

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

\* \* \*

[Translation]

### POINTS OF ORDER

#### BILL C-257—CANADA LABOUR CODE

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, as I indicated yesterday, I have more information to add to the arguments that I presented on Bill C-257 and the admissibility of the amendments that affect this bill.

*Points of Order*

During the meeting of the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities on Thursday, February 15, the chair ruled on the admissibility of two amendments, and despite contrary opinions from the witnesses and the committee clerk, he nonetheless ruled the proposed amendment inadmissible because it was beyond the scope of the bill.

The purpose of the amendments is essentially to include in the anti-scab legislation the concept of essential services for the maintenance of activities in labour disputes in clauses 2.3 and 2.4 of the bill to amend section 94 of the Canada Labour Code.

The committee chair's ruling was overturned since three of the opposition parties, forming the majority in committee, felt that this concept was not beyond the scope of the bill.

Yesterday, the Leader of the Government in the House of Commons brought this up again in a point of order and went a step further in his argument than the chair of the committee did. He said that the three amendments proposed in committee were inadmissible.

Our current situation is rather unusual. Precedents concerning the admissibility of amendments proposed in committee are rare in this House. However, we note that, in 1992, Mr. Speaker Fraser faced a similar situation. The context was this: during a committee review of Bill C-54 concerning farm products marketing agencies, the committee chair ruled that three amendments were inadmissible, because two of them sought to amend the incorporating act, and the third amendment went beyond the scope of the bill. As in the current situation, the committee chair's ruling was reversed. Regarding the constraints imposed on the amendment process in committee, Mr. Speaker Fraser said:

It cannot infringe on the financial initiative of the Crown, it cannot go beyond the scope of the bill as passed at second reading, and it cannot reach back to the parent act to make further amendments not contemplated in the bill no matter how tempting this may be.

Furthermore, Mr. Speaker Fraser gave a clear example:

In some cases, this last cardinal rule is graphically clear. For instance, if a committee is examining a Criminal Code bill dealing with lotteries, a member cannot reach back to the parent act to propose amendments to those sections dealing with firearms. In certain other cases, this principle is more difficult to explain.

Based on this ruling by Mr. Speaker Fraser, it is quite simple to demonstrate to the House that the amendments proposed to Bill C-257 concerning the provision of essential services in the event of a labour dispute do not go beyond the scope of Bill C-257.

Moreover, during this session, you yourself ruled on the admissibility of committee amendments to Bill C-14. These amendments sought to include an appeal process in the Citizenship Act (adoption). At that time, you reversed the decision of the committee chair. Your ruling was completely justified, because including an appeal process in a bill designed to allow for a grant of citizenship to foreign adopted children without first requiring that they be permanent residents was quite logical and, as in the case before us today, did not go beyond the scope of the bill. I want to quote your decision, which was very wise:

Having reviewed the bill as reported to the House, I cannot conclude that an amendment which provides for an appeal of a decision by the minister is contrary to the principle of the bill. As I see it, such an amendment places a condition on how

decisions of the minister are exercised, but the principle of the bill remains intact. In the view of the Chair then, the amendment is admissible in that respect.

The purpose of Bill C-257 is to prohibit employers under the Canada Labour Code from hiring replacement workers to perform the duties of employees who are on strike or locked out.

• (1010)

The bill also provides for the imposition of a fine for an offence. In this particular case and in the original version of clause 2.3, which set out some exceptions for protection of property, specifically in cases of labour disputes, I do not see how stipulating situations where the new conditions should be relaxed could be considered going beyond the scope of the bill. These are additional clarifications, exactly as you ruled in the case I mentioned previously.

The Leader of the Government in the House of Commons initially said that we could not amend Bill C-257 by making reference to section 87.4, claiming that this section was not in the original bill. This is not true. In the original bill, we referred to section 87.4 in clause 2.1. I suggest that he reread the original bill. The argument by the Leader of the Government in the House of Commons therefore simply does not hold up, because it is based on a falsehood.

In fact, this first amendment clarifies how section 87.4 is affected. Since the initial bill mentions subsection 94(2.1) and section 87.4 of the Code, this amendment merely clarifies how these two provisions relate to one another. It is very easy to understand.

Let us now move on to the clauses that posed problems in committee.

Bill C-257 amends certain sections of the Canada Labour Code, including section 87.6, subsection 94(2) and section 100. A reference to section 87.4 also appears in clause 2.1, as I was saying earlier.

Bill C-257 amends subsection 94(2.1) of the Canada Labour Code to include additional prohibitions against employers using replacement workers during labour disputes.

By adding a reference to section 87.4 of the Code—the section that covers the maintenance of activities during a strike or lockout—we are specifying that maintaining certain activities is sometimes essential to public health and safety, even during serious labour conflicts.

Section 87.4 of the Canada Labour Code is known as the essential services section. Integrating this concept illustrates that we recognize the risks a labour conflict may entail.

In fact, as I was saying yesterday, the amendments introduced in committee do not go beyond the scope of the bill. On the contrary, they reduce its impact and have the same effect on the replacement workers bill as the board of referees has on the Immigration Act, a situation you considered acceptable.

*Points of Order*

This provides further clarification. To say that it is impossible to introduce amendments that limit the application of a bill, that define and clarify it, would be to say that all committee work is totally useless because it cannot change the application of any bill being studied anyway.

The main argument is, I repeat: how can anyone claim that these amendments go beyond the scope of a bill when the purpose of these amendments is, in fact, to limit its scope? These amendments fall within the framework of the bill; they do not allow the boundaries of the bill to be overstepped. All these amendments do is limit the application of this law.

In my opinion, given these additional arguments and the wisdom you showed in the decision I quoted earlier, Bill C-14, if you apply the same principles and the same logic, which is always unshakeable in your case, Mr. Speaker, you will find you must tell the Leader of the Government in the House of Commons to redo his homework.

• (1015)

**Mr. Joe Comartin (Windsor—Tecumseh, NDP):** Mr. Speaker, first I would like to say that I support the speech by the House Leader of the Bloc Québécois, and particularly his argument regarding the immigration bill.

[*English*]

I will not repeat some of those arguments. It seems to me that really there are two issues that I do want to address and that you should take into account in making your decision on whether the amendments to Bill C-257 are admissible or not.

The first one is the general principle of what is within in the principle and scope of legislation. We debate that a lot in committee and occasionally in the House. The second issue that I believe you need to take into account is really the authority of the committee to control its own process. I would remind you of the number of times that you have indicated in the House how strongly you feel about the right of the committee to control its own process. I think this is an issue that has to be taken into account here.

Let me go back, though, to the primary point about whether these amendments are admissible or are outside the principle and scope of the amendments contained in Bill C-257. Again, in support of the arguments you have heard from the member of the Liberal Party and now from the House leader of the Bloc, I do not see these amendments doing anything in the way of changing the principle and scope. When one looks at them in a holistic way, they simply are clarifying what is the intention of the author of the bill, which is to make it very clear that in the amendments with regard to what we always call anti-scab conduct and anti-scab legislation, the intent is to simply clarify when this legislation is to be used.

In effect, the amendments are saying that when it comes to essential services, whether it is the Canada Labour Relations Board and I suppose even potentially the House with back to work legislation, we would conduct ourselves as if essential services were outside the scope of these amendments contained in Bill C-257. The amendments to Bill C-257 really just address that point. That is what they are about. It is simply a mechanism to clarify. We are certainly not changing the principle.

That is very clear, Mr. Speaker, if you look at the fact that the author of the bill was quite prepared to accept these amendments. They are not contrary to the principle. The real issue is whether they are outside the scope. Again, this is simply carrying out the intent of the author of the bill and nothing more.

With regard to the second issue of the right and responsibility of the committee to control its own process, as you have heard, all of the opposition parties supported these amendments and did so by having to overturn the ruling of the chair. They did that not out of any partisan basis or out of spite. They did it because there was an honest difference of opinion in how these amendments should be interpreted.

The chair of that committee saw them as being beyond the scope and ruled accordingly. The significant majority of the committee said no, this is simply about clarifying, and it is quite within both the principle and the scope of the bill, and all we are doing is clarifying what we intend these sections to do, and nothing more. On that basis, because of that difference of opinion, the majority on the committee, arguing and maintaining the position that it was simply clarifying, overturned the chair's ruling and proceeded to make those amendments and send the bill back to the House.

I have read the submissions made by the House leader for the government. I understood the arguments, which were similar to the arguments made at committee, but they are missing the essential point. We are not making changes to the Canada Labour Relations Act and Labour Code. We are simply clarifying what Bill C-257 is intended to do, nothing more than that.

Although the points were well made by the House leader for the government, the government is in fact missing that essential point of these amendments simply being clarification. On that basis, they are not beyond the principle and they are not beyond the scope of the legislation originally proposed in Bill C-257. They are well within the authority of the committee to make that decision, to make that interpretation and to make that decision to overrule the chair.

I would conclude, Mr. Speaker, by saying that you should honour that decision by the committee and allow these amendments to proceed.

• (1020)

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I listened carefully to the arguments of my friends, the member for Roberval—Lac-Saint-Jean and the member for Windsor—Tecumseh, and I wish to respond briefly.

The member for Roberval—Lac-Saint-Jean claims that the purpose of the amendments is simply to limit the application of the private member's bill before us and, as such, it does not go beyond the scope. That may well have been the intention, but the fact is that the device, the actual approach, used to achieve that objective is in fact a very different one.

*Routine Proceedings*

It is not the case of one that is limiting the provisions of the bill that were already before the House of Commons and before the committee. Rather, it is to introduce entirely new sections, new provisions and new concepts, and the definition of essential services, one that did not exist. The amendments introduce new concepts that expand the scope of sections that were previously unaddressed by the private member's bill. As such, while the effect in part may be a limitation, the actual other effect and the reality of the approach and device used actually significantly expand the nature of the bill beyond the original scope.

With regard to my friend, the member for Windsor—Tecumseh, the argument he has made is essentially that the committee should be master of its own destiny, that it has the right to control its own process. In fact, the rule of order we are dealing with actually states quite the contrary. The basis of that rule is that the House of Commons is the master of its destiny, and when the House of Commons made its decision on second reading of Bill C-257, it did determine at that point the scope of the bill and what its principle was. It determined the essence of the matter in the bill.

Those are the parameters that have been set by the House within which that committee can operate, so in fact no, the committee is not master of its own destiny to do whatever it may like with the bill. It does not have the right to control its own process. It must do so within the parameters of the legislation that has been sent to it by the House. For that reason, Mr. Speaker, I submit to you that the arguments I made to you yesterday remain in place and that what we have in these amendments are amendments that go beyond the scope and purpose of the original bill approved by the House at second reading.

●(1025)

[*Translation*]

**The Speaker:** I wish to thank the hon. members for Roberval—Lac-Saint-Jean, Windsor—Tecumseh, and the Leader of the Government in the House of Commons for their comments on this issue. Naturally, I will study the matter and come back to the House with a ruling.

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## COMMITTEES OF THE HOUSE

### CANADIAN HERITAGE

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.)** moved that the 13th Report of the Standing Committee on Canadian Heritage, introduced on Wednesday, February 13, be concurred in.

He said: Mr. Speaker, it is a great pleasure for me to rise today to move concurrence of the House in this report.

The purpose of this report is to protect and develop Canada's railway heritage. I would like to thank the members of the Standing Committee on Canadian Heritage who supported this motion.

The railway industry is such an integral part of everyday life—even modern everyday life, as we have seen—that we tend to take the preservation of our railway heritage for granted.

[*English*]

The purpose of this motion is to call on the government to support railway heritage in Canada by providing funds on a sustainable basis to the Canadian Railway Museum, also known as Exporail, located in Delson-St. Constant, Quebec, on the south shore of Montreal.

These funds would be given to the Exporail museum to help it maintain and enhance the national collection of railway artifacts that are spread out across this country in different railway museums, large and small, such as the Canadian Museum of Rail Travel in Cranbrook, British Columbia, and the Revelstoke Railway Museum in Revelstoke, British Columbia, in the riding of my colleague, the Parliamentary Secretary to the Minister of Canadian Heritage.

As we shall see, this national collection is potentially vulnerable. Its continued existence should not be taken for granted either by the government or by Canadians themselves. Exporail has the infrastructure, expertise, critical mass and history to be the funnel or the coordinating agent for federal funds aimed at ensuring the long term viability of Canada's railway heritage.

This motion, if adopted by the House and acted upon by the Minister of Canadian Heritage, will help sustain a major component of the Canadian identity.

As I said before, we take our railway heritage for granted, perhaps because every day we witness and, in some cases, even participate in the daily traffic of trains, streetcars and subways. In so doing, we make the dangerously false assumption that our rail heritage is safe and sound. In this case, perhaps familiarity breeds laxity and a false sense of comfort and security.

[*Translation*]

The railways are the stuff of legends. They were a fundamental part of the industrial revolution and remain, even today, a precondition for economic development in developing countries. Rail transport is the cornerstone of our great country. It was instrumental in Canada's economic development. Without the railway, would we have been absorbed by our neighbours to the south?

Rail transportation was also the engine of Montreal's history and economy. Where would Bombardier—the major transportation and aircraft multinational that Canadians and Quebecers are so proud of—be today had it not purchased Montreal Locomotive Works?

[*English*]

The railway was at the core of the industrial revolution. The railway is the cornerstone of our nation. The railway is ubiquitous. Just think of streetcars, freight trains, commuter light rail and subways. Aspects of the railway extend even back to Roman times. For example, I recently learned that the width between two railroad tracks is the same distance between the wheels of Roman chariots.

Moreover, rail transport will extend into the millennium as a major solution to the problem of global warming.

As my children, Mia and Caroline, know only too well, *The Polar Express*, another rail service, can even take us to the North Pole to Santa's workshop.

*Routine Proceedings*

The inspiration for this motion is obviously my own love of rail travel and my deep concern for our Canadian heritage and identity. But in more immediate terms, the inspiration is a gentleman named Stephen Cheasley.

Stephen Cheasley is a well-known Montreal lawyer who, in addition to practising law as a partner in one of the country's largest and most prestigious law firms, has been a civic builder, both behind the scenes and on the public front lines.

At times when the City of Montreal has required vision to overcome temporary setbacks or challenges, Stephen Cheasley got involved. He has chaired boards of civic institutions, like hospitals, conducted task forces and, most recently, was a founder of Montreal International, an agency devoted to attracting international institutions and head offices to locate in our great city on the St. Lawrence.

Stephen Cheasley is also a rail enthusiast. He is president of the Canadian Railroad Historical Association. The association is a non-profit organization, founded in Montreal in 1932 by a group of rail enthusiasts. It is celebrating 75 years of existence this year. The Canadian Railroad Historical Association owns and operates Exporail, as I said, also known as the Canadian Railway Museum.

The association was originally committed to historical railway research and interpretation. In 1951, the association acquired its first historical artifact. Montreal streetrailway tramcar No. 274. This purchase signalled the expansion of the association's role to include preservation and conservation of railway rolling stock on a nationwide basis.

In 1955, the association acquired the CPR car the *Saskatchewan*, Sir William Van Horne's private railway car, which was present at the driving of the last spike ceremony of the CPR.

I have been in that car when I was on a tour of Exporail last summer. It is a heady experience for any Canadian, including for a member of Parliament of the country that was born on that historic day when hammer hit spike. At the time this car was acquired, it was slated to be burned. I would like to emphasize that point. It was slated to be disposed of.

The history of the preservation of our railway heritage is full of near misses, which drives home the point that we tend to take that heritage for granted and are saved from the disastrous results of our complacency by individuals like Stephen Cheasley and his predecessors at the Canadian Railroad Historical Association.

In 1962, the association founded Exporail, the Canadian Railway Museum, in Delson/Saint-Constant, Quebec, on the south shore of Montreal. Ten acres of land were donated by Domtar to start this project.

At that time, due to the rapid pace of technological change in the railway industry that was causing old rolling stock to be replaced by newer types and models, the association rapidly acquired new items, such as the CN historical collection of locomotives and cars and the CPR historical collection of locomotives and cars, as well as other items from other Canadian transportation systems in the Maritimes, Ontario and the west.

In 1971, descendants of Charles M. Hays, President of the Grand Trunk Railway, who incidentally died on the *Titanic* and whose

death postponed the opening of the Chateau Laurier Hotel which is just a few steps away from here, financed the building of the archives library building at Exporail.

In 1978, in recognition of its excellence, Exporail was designated as Canada's specialized museum for railways.

In 2004, with the help of the federal government, Exporail built and opened a \$13 million state-of-the-art, 125,000 square foot building to display 47 pieces of rolling stock. The building includes exhibition rooms, a model railway, a restaurant, archives, a library and offices.

● (1030)

Why should we support the motion? We have dedicated museums for aviation and agriculture. That is the first point I would like to make. Yet, we do not have a dedicated museum for railways, which were so important, as I said before, in creating Canada.

Second, the motion has the support of other railway museums in Canada because they see this as an opportunity. If Exporail could be made a coordinating agent for federal funds aimed at preserving the national railway collection, which as I say, is spread across Canada, then these smaller museums would benefit as well. What every railway museum in Canada, no matter how large or how small, has in common is their deep love of Canadian railway heritage.

● (1035)

[*Translation*]

The quality of the Exporail collection is extraordinary. In the fall of 2004, the Government of Quebec commissioned an analysis of Exporail in order to determine, among other things, the state of its collection and its significance compared to other railway museums in Canada. This analysis, known as the Lord report, confirmed the exceptional and unrivalled quality of its collection. Consequently, in 2005, Exporail was named the best museum in Quebec by the Quebec museums association.

[*English*]

Exporail's collection of over 160 pieces of Canadian rolling stock is considered by museum experts to be one of the best in the world. When I went for a visit, I thought I was visiting a museum on the scale of the tramway museum in Maine, for example, a smaller museum for tourists who regularly visit that part of the United States. Exporail is a first class international museum that provides a comprehensive and inspiring portrait of the role of the railway in Canada.

To say that it is vital to Canadian identity is an understatement. Exporail is a resource to other rail museums. As I said, many of the pieces in Exporail's collection are lent to other rail museums across Canada.

Exporail has first-rate procedures and practices. For example, it has a rigorous acquisitions policy. Only 25% of potential rolling stock donations are accepted into its collection. In other words, Exporail does not just accept anything that is offered to it, it has a very carefully thought out, systematic and discriminating approach to the kinds of pieces and artifacts that it accepts into its collection.

*Routine Proceedings*

Moreover, it does not lend its rolling stock to any museum or entity that requests a piece of rolling stock. Anyone requesting rolling stock or an artifact has to meet certain strict criteria.

In addition to rolling stock, Exporail includes a collection of small objects and archival and other two-dimensional objects, such as engineering plans.

It should also be noted that Exporail holds even three non-national pieces of railway rolling stock, one French and two British locomotives, which is extremely unusual for railway museums anywhere in the world.

Another reason why we need to support this motion is that the collection is vulnerable because of the large expenses involved in the proper preservation of railway rolling stock. We think that because trains, locomotives and train cars are made of steel and they roll on steel, that somehow they are not vulnerable to the elements.

When I visited Exporail last summer, I went to the brand new building which is all temperature controlled and keeps artifacts in a perfect state, but behind that new building is a warehouse-like structure that is full of rolling stock that is not really protected from the elements, despite the fact that these pieces of rolling stock are sheltered. Humidity enters the building. There are cracks in that structure. Air and cold enter the building. These extraordinary pieces of rolling stock are in a state of deterioration and it costs a great deal of money to preserve them. That is another reason why Exporail needs these funds for the preservation of its collection.

Another reason why it is important for the government to step in is that the collection is private. It is not public. Again, we assume that the government is taking care of all this, but if these artifacts, these pieces of rolling stock, cannot be kept, they could be sold off or just disposed of. The *Sakatchewan* was about to be burned when the Canadian Railroad Historical Association purchased it.

I would like to quote from the report by Barry Lord that was commissioned by the Quebec government in 2004. It stated:

However, the fact that the collections are in private hands leaves them vulnerable should the association and its museum function (Exporail) prove unsustainable in future—notwithstanding the fact that the collection is an irreplaceable part of the nation's heritage.

In a related matter, I would like to make the point that many railway cars today are being purchased by wealthy foreigners, namely Americans, to serve as private luxury cars for their travels around North America. These are Canadian artifacts that we cannot keep and maintain, therefore they are being purchased by wealthy individuals south of the border.

• (1040)

I have no problem with wealthy Americans having fun. I just do not want it to be at the expense of mine and my children's rightful heritage and identity.

The government tells us that it is working on a museums' policy but sometimes we need to get ahead of a policy and we need to act when the situation is urgent. We cannot simply wait until a policy is developed, which might not be released for quite a while because of an intervening election or whatever. It seems to me very clear that

when the government wants to act, it does not wait for a policy. It makes the announcement and commits the funds.

As a matter of fact, we heard that the government is already taking action to transform the old war museum a few blocks from here into a museum with the participation of the Aga Khan Foundation. It is also apparently moving the Portrait Gallery from Ottawa to Calgary, which I believe would be in the new EnCana Centre that is being planned for downtown Calgary.

When the government has a reason to do something, it has no problem acting in advance of a policy.

The last reason why I think the House should support the motion is that it opens the door to a new and innovative approach to supporting museums and museum artifacts in Canada. We are not asking for direct funding to the Exporail Museum itself. We are asking for government funding to preserve a collection that is spread across the country. Exporail's role in this initiative would be as the coordinating body for the disbursement of these funds because it has the expertise to make such decisions in collaboration with the railway museum community. This funding of the national railway collection could be in the form of a pilot project which could be extended to other museum communities outside the railway museum community.

Before I conclude, I would like to appeal to members of the Conservative Party opposite to vote freely on this motion when it comes up for a vote. I think they owe it to their communities, many of which house railway museums, it to themselves as Canadians and to our country.

Some MPs may say that this funding is for a museum in Montreal, Quebec and they might have a museum that needs money too so they will vote against the motion because it is not for all museums. This is a pilot project. It could be the opening wedge in a bold new kind of museums' initiative that will help museums across the country in various ridings.

When the motion comes up for a vote, I would ask members to put their own specific local interests aside, because this motion will some day perhaps help all museums in all sectors, and do what is right for Canadian heritage and identity and for this country.

• (1045)

[*Translation*]

**Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ):** Mr. Speaker, I would like to say right away that the Bloc Québécois will support this motion, which we believe is very important to the Saint-Constant region. I would also like to say that the member for Châteauguay—Saint-Constant, who is currently attending the Standing Committee on Canadian Heritage, also supports it and will fully cooperate to get this motion approved. The same is true for our Canadian heritage critic, the member for Saint-Lambert.

I would like to ask the previous speaker a question. At one point in his speech, he spoke of the great historical significance of trains. He said that they had been instrumental to the economic development of Quebec and of Canada, and he also spoke of the environmental aspect of using trains.



*Routine Proceedings*

I would like him to explain how this environmental aspect has been featured at the museum in Saint-Constant.

He spoke of the Lord report, commissioned by the Quebec government, which gave a very favourable review of this museum and which provided a detailed evaluation of the collection. I would like the member to tell us a little more about this report to give our colleagues here a better idea of the importance and present quality of this museum's collection.

**Mr. Francis Scarpaleggia:** Mr. Speaker, the reason I talked about the role of rail transport in relation to the future of our country and sustainable development in Canada and around the world is of course because this is one of the challenges that we are going to have to face and that we have already faced in the past. The federal, provincial and municipal governments have all invested in new rail infrastructures.

I raised this point because I wanted to stress the fact that, obviously, a museum takes a look at the past, but must also be a vibrant place turned towards the future. When we think about rail transport and the future, it is pretty obvious that the future lies in public transit. This railway museum is not exclusively about intercity or trans-Canada trains: it also takes a look at the development of commuter trains, tramways and subways, such as the metro in Montreal.

I also mentioned that rail transport is critical to the economic development of developing countries. It is a tool that will help society develop in Canada, in North America and around the world.

When I looked at the museum's collection, I did not see everything. In order to be a vibrant place, this museum should—and perhaps it has already done so—take a look at the future, and possibly show us futuristic designs of the trains of the future. As I said, this may already have been done. When I referred to the railway as a solution of the future to the problem of climate change and air pollution, I wanted to stress that, in my opinion, museums should also look to the future.

The Lord report is a rather voluminous document. It seems that Mr. Lord is one of the most renowned experts in the area of museums. I must congratulate the Quebec government for believing in the Delson/Saint-Constant museum, for believing in its value, to the point of commissioning a study to see where this museum fits among all the museums in the world and in Canada.

• (1050)

[English]

**Mr. Bill Siksay (Burnaby—Douglas, NDP):** Mr. Speaker, I thank the member for Lac-Saint-Louis for bringing this matter before the House today. It is an important issue around the preservation of an important Canadian heritage and certainly our railway heritage has been crucial to Canada's economic and social development.

I am glad he mentioned some of the important railway museums in British Columbia. I would also mention the West Coast Railway Museum in Squamish, B.C., which is one with which I am particularly familiar, but there are other excellent museums in Cranbrook, Revelstoke and Prince George, as well as operations of restored steam trains in British Columbia that are important to both heritage preservation and the local economy.

I want to ask the member a couple of questions about the coordinating role of Exporail in terms of coordinating with other museums across the country.

As a British Columbian, I am often envious of other parts of Canada because we do not have a national museum located in British Columbia. They are all in other places. We used to have the national museum of arts and crafts but it is no longer in operation. Sometimes we are a little envious of other parts of Canada having the designation of a national museum.

I would ask the member to talk a bit about how this coordinating role for Exporail will function so that other museums across the country benefit from this designation and the preservation of rolling stock and our railway heritage from coast to coast.

**Mr. Francis Scarpaleggia:** Mr. Speaker, I would go back to what I said at the end of my intervention, which is that I do not believe we should look at this motion as pitting one community against another or one part of Canada against another.

This motion represents a new direction in museums policy whereby we would no longer only have national museums in Ottawa. There would be a national railway museum on the south shore of Montreal but we would not be funding that museum per se. We would be funding its collection, which is spread across the country.

The idea would be that the museum would work with other museums, such as those in B.C., two of which, by the way, appeared before the heritage committee when it studied this issue. I was not aware of the Squamish museum and I appreciate the hon. member mentioning it, but there are museums across Canada that currently hold artifacts from the Exporail Museum for display. This community is quite well integrated. The players know each other and work together.

The importance of Exporail in all of this process is that it has the body of knowledge, so to speak. As I mentioned, the founding of the Canadian Railroad Historical Association, out of which Exporail was born, goes back 75 years, so it has the critical mass and expertise. I would encourage the member to visit it some day as it is a really remarkable experience. It has rooms of engineering designs, et cetera, so it has the expertise to evaluate.

The Lord report underscores that, of all the railway museums in Canada, Exporail is the one best suited to the task of evaluating what should be funded, what should not be funded and so on.

**Mr. Jim Abbott (Parliamentary Secretary to the Minister of Canadian Heritage, CPC):** Mr. Speaker, I deeply respect the member who has brought this motion before the House. However, it was discussed in committee as he will know, and I made a couple of points in committee which I may as well put on the record here in the House of Commons. I will read that motion again:

—the Standing Committee on Canadian Heritage recommends that the government officially designate Exporail as Canada's National Railway Museum with dedicated long-term funding outside of the Museum's Assistance Program, and report this recommendation to the House of Commons.

*Routine Proceedings*

The member will recall that my concern and the concern of the minister and the government is that this is piecemeal. The member did acknowledge in his speech that the government is in the process of drafting a new Canadian museums policy.

My own personal point to the minister, to the government and in public has been that we must come up with a way of determining national significance not only for rail, but for other artifacts. Without a definition of national significance or being able to describe how to arrive at whatever the artifact is in terms of national significance, it then comes down to the fact that the only reason an enterprise, a museum or an organization would be applying to the national government is that the national treasury has the deepest pockets, which is not a good enough reason. There has to be some national significance.

As part of the development of the museum's policy, the Canadian government has to take a look at what we have in the national capital, take a look at the 2,200 or 2,300 museums across Canada and make some determination so that we can move forward. It is regrettable that the previous government over a 13 year period was unable or unwilling to come forward with a museums policy. We are working very hard on that. The government will not be supporting this motion for that reason.

The second reason, which I am very familiar with because the Canadian Museum of Rail Travel is in my constituency, is that to designate Exporail as Canada's national railway museum with dedicated long term funding outside the museums assistance program is to say that the federal government is only going to fund Exporail, period, full stop, end of statement. That is completely unfair not only on a morality basis of why should Exporail get it and others should not, but it is unfair to the people who have taken the time to come up with some tremendous artifact collections that are complete train sets and represent a national heritage.

There is nothing in this motion as explained in the member's comments in answers to questions that says that Exporail would become a repository or be able to roll out some of its displays. There is nothing in this motion to stipulate that at all. The member is an honourable gentleman and we can take his representations in good faith, but there is nothing in this motion to stipulate that.

As a consequence, this motion is singularly inadequate. It ends up virtually pitting Exporail against the properties in Squamish which the NDP member drew to our attention. I am aware that one of the artifacts that is on display in Revelstoke in my constituency is actually on loan from Exporail. I realize that is ongoing.

Again, this motion is singularly deficient. For two reasons, number one, it is premature, and number two, it is imprecise and therefore deficient, our government will be voting against this motion.

• (1055)

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, first I certainly want to acknowledge the member for Lac-Saint-Louis. He is held in very high regard in this place for his experience and expertise on environment issues and for his advocacy for the promotion, preservation and sustainability of Canadian heritage. The example he has raised here today is very exemplary of the kinds of work that a member of Parliament can do to raise important issues.

The parliamentary secretary who just spoke tends to dismiss the matter, a report from the Standing Committee on Canadian Heritage, simply because it is somewhat linear in the report. Yet in the speech that the member made, it was quite clear that there are risk elements which this particular museum demonstrates in terms of its sustainability over the long term. In fact the presentation was primarily that this should be looked at as a pilot approach that the government should consider in terms of a strategy with regard to the preservation and sustainability of Canadian heritage and particularly museums.

I raise with the member whether or not he agrees with the member who raised the motion with regard to the need to have a comprehensive look at the issues that have been raised with regard to Exporail. When can the government be expected to come forward with recommendations to the House for consideration on this important matter?

• (1100)

**Mr. Jim Abbott:** Mr. Speaker, the member who just spoke would know that in this place we vote on the words that are in front of us. We are voting on the motion, not on the speech of the member.

I have already given full credit to the member as being an honourable gentleman who, without a doubt, is doing this in good faith, but the fact of the matter is that the motion nonetheless is deficient. It represents a piecemeal approach to the very important issue of national museums.

The new government is very concerned that we come forward with a comprehensive national museums policy. We are working very diligently to arrive at that policy.

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Mr. Speaker, I appreciate the member's point, but sometimes it takes a first step. Sometimes it takes a step in the right direction. The motion is asking the government to take that first step.

It would not really be a first step because the media has been full of reports about how the government is active on transforming the old war museum into a new kind of museum. The newspapers are full of stories about how it is active on the portrait museum file.

I would like to ask the hon. member, is piecemeal all right when the government is doing it, but not good when it is a suggestion from the opposition?

**Mr. Jim Abbott:** Mr. Speaker, I had a very interesting representation from the curator of the Canadian Museum of Rail Travel. The Canadian Museum of Rail Travel in Cranbrook is unique in that it is not really a railway museum. It has railway cars. There are no locomotives as part of the collection. It has over a mile of railway cars, as a matter of fact, many of them in complete sets.

The point the curator was making and I have also heard it from my other constituents in Revelstoke was that whatever is going to be happening should be done on a national basis, and should not just focus on Exporail.

*Routine Proceedings*

If the motion were more precise, which is what we discussed in committee, and we knew precisely where we were going as a result of the acceptance of the motion, the government might possibly have a different attitude. However, the motion as written is piecemeal. It is premature. It is inadequate and it is imprecise. For all of those reasons, we will not be voting in favour of the motion.

[*Translation*]

**Mr. Louis Plamondon (Bas-Richelieu—Nicolet—Bécancour, BQ):** Mr. Speaker, I would like to start by saying that the Bloc Québécois is in favour of this proposal and enthusiastically supports it.

I would also like to say that the hon. member for Châteauguay—Saint-Constant, who is on the Standing Committee on Justice and Human Rights and is currently discussing an important issue, sends his support too and asks the House to vote in favour of the committee report and the creation of this museum in Saint-Constant. The same is true of our Canadian heritage critic, the hon. member for Saint-Lambert, who supports this motion and asks the House to do so as well.

The motion is quite simple. It did not come from just anywhere but was discussed in committee. It was a committee report. Although I congratulate the hon. member for bringing this motion before the House, it was not just one member's idea. The report clearly reflected what the committee recommended. The motion states clearly that the committee recommends that the government officially designate Exporail as Canada's national railway museum, with dedicated long term funding outside the museum's assistance program, and report this recommendation to the House of Commons. So it was a committee report. A study has been done and people have thought about it. There were prior consultations as well.

Why then are the Conservative members opposing the motion on the pretext that it needs to be examined and analyzed and an exhaustive study needs to be done of all the museums in Canada? Every time a committee, an individual or a political party makes a specific proposal, the Conservative Party feels a need for further studies. The Conservatives think they have to study and examine it.

It is very strange because when it comes to making \$17 billion worth of military purchases, there are no consultations with the Standing Committee on National Defence or the House. The money is there and action is taken. That was \$17 billion, plus another \$5 billion set aside for military purchases. They have plans as well to spend a further \$7 billion. When it comes to extravagant military purchases, they find the money and there are no consultations or studies on the spin-offs for Quebec and Canada.

A committee studied this proposal and made its report—there is no need for another 20 studies. It was unanimous. A study paid for by the Government of Quebec, the Lord report, confirmed the quality of the exhibit.

In order to convince the Conservative members of the merits of this motion, I would like to say a little more about this museum. Exporail is a railway museum whose goal is to highlight the history and the role of Canada's railways in a vivid, interactive way. It strives daily to meet that goal.

Since its creation in 1961—a good while ago—several hundred thousands of people, young and old alike, have experienced the railway culture at the museum, through a wide range of programming: permanent and special exhibits, guided tours, lectures, train and streetcar rides, activities such as sending telegraph messages and watching a steam locomotive in operation, and numerous special events.

Exporail, the museum in question, today is home to the largest collection of railway equipment in Canada and is one of the most remarkable institutions of its kind in North America. The historical value of its collection is such that, in 1978, the National Museums of Canada recognized it as being the top specialized museum in Canadian railway history. The importance of the museum's collection and activities were also recognized in 1979 by the Quebec government's Ministry of Cultural Affairs, which established the museum's status and awarded it a yearly operating subsidy. A competent staff of 12 permanent and 12 seasonal employees and a team of over 120 volunteers carry out the museum's research, acquisition, conservation, interpretation and marketing programs.

• (1105)

The volunteers are very active within the museum. Their projects are oriented towards research, equipment operation, mechanical maintenance, track work and equipment restoration.

Thanks to the experience gained from its many years of operation, the museum has developed a highly successful educational program for young visitors. Exporail, the Canadian Railway Museum, is now open year-round.

Concerned with preserving and spotlighting this industrial heritage, the Canadian Railroad Historical Association manages the Canadian Railway Museum with the indispensable support of its volunteers, its government partners and its generous donors. The museum has been firmly established since 1961. It has an excellent management team and the Government of Quebec funds its administration. The team includes more than 120 volunteers working around the museum, which already has programs that are very well organized and geared towards educating young people since many schoolchildren go to visit the museum on professional development days. So there is an impact in educational terms, as well as in terms of the history of our economic development.

The museum's regular activities are funded in part by the Ministère de la Culture et des Communications of Quebec and benefit from the support of the cities of Delson and Saint-Constant. The Ministère des Affaires municipales et des Régions has also provided financial support to this project. Financial support is also provided by Emploi-Québec, particularly for seasonal employment.

The Government of Canada, through Canada Economic Development and the Department of Canadian Heritage with a contribution from the Canadian Arts and Heritage Sustainability Program, participates in the development of Exporail and its special projects. For example, when there is an exhibit about locomotives or the first railway tracks, which were made of wood. The museum is an initiative of the Canadian Railroad Historical Association.

*Routine Proceedings*

There you have a broad outline of what the museum in Saint-Constant is all about. This is what the members of the Canadian heritage committee, the member for Lac-Saint-Louis and the Bloc Québécois members found out. In addition to what I have described, people did more research, both into the content of the collection and into attendance at the museum and the historical research that it generates.

In my opinion, it would be entirely natural for this museum to receive the designation being sought today, that is, official designation as Canada's national railway museum.

As we know, the railway was the engine for the industrial revolution. It was central to the development of Quebec and Canada. This is most important in the Montreal region, and Saint-Constant is located right within the Greater Montreal region. We are in fact talking about economic development in Montreal, but we are also talking about economic development in terms of the commuter trains that are being added regularly. There is also that aspect.

And there is also the entire aspect that can be developed even further at this museum: the entire environmental story of transportation, the effects on the environment of using rail transportation as opposed to trucking, for example, or as opposed to the other much more polluting means of transportation.

This means that there is a whole comparison to be made and a whole educational effort to be made with the public, with young people who are growing up and schoolchildren who visit the museum. This environmental aspect has not been developed.

I would reiterate that the Lord report has confirmed the importance of this museum, and so it seems to me that we need to think about this.

• (1110)

Eighty-five per cent of our national museums are concentrated in the national capital region, the vast majority in Ontario. Would it not be logical for the other regions of Canada to have some of these museums, in order to promote tourism development, help educate the people in those regions and give them the opportunity to visit museums closer to home?

In my opinion, it is not right that all the museums should be concentrated here. We need to diversify and decentralize. According to my analysis, only 7% of all the museums in the Province of Quebec come under the federal government. Eighty-five per cent of the museums are in Ontario. Diversification is needed, and it would be a mark of respect for the regions and the provinces to recognize that, since 1961, one region in particular, the region of Saint-Constant, has made an effort to preserve our rail heritage. These people have volunteered their time and worked very hard for a long time. Now, they have managed to find funding and create a corporate structure.

This museum is known throughout Quebec and Ontario. We even attract visitors from across Canada and many visitors from the United States, because this is one of the major museums in North America. Why would the House of Commons not approve this committee report, which, I repeat, is not just one person's vague idea?

The member for Lac-Saint-Louis tabled this report in the House and asked that we discuss it, because a number of people were consulted and the committee members took the time to consider the matter and concluded—and this is very clear in the committee report—that the government should officially designate Exporail as Canada's national railway museum, with dedicated long term funding outside the museum's assistance program and report this recommendation to the House. That is what the committee said.

I therefore urge all the members of the House of Commons to approve and vote in favour of the 13th report of the Standing Committee on Canadian Heritage and to ensure that Saint-Constant can finally have a great national museum recognized by all members of this House.

• (1115)

**Mr. Francis Scarpaleggia (Lac-Saint-Louis, Lib.):** Mr. Speaker, I greatly appreciated the hon. member's statements and would like him to comment on two points.

First of all, he said that the government is very happy to take a piecemeal approach, when it feels like it, without consultation, without issuing a white paper or what have you, as was the case, for example, with the purchase of military aircraft.

Does the member know that the current Conservative government is working piecemeal to restore the old War Museum just down the road from here? I would like to hear his views on this. I would also like to hear what he has to say on the back-room dealings to have the Portrait Gallery of Canada moved to Calgary, and on the fact that these things are going on, it is happening, even if there is no official policy, especially in light of the coming election. What does he think about the government's piecemeal measures?

Finally, I would like him to talk about the fact that a motion is not a bill. We are not approving budgetary allocations here. The parliamentary secretary said that he was not entirely happy with the wording or details of the motion, and that this is why he is dragging his feet.

The spirit of the motion is what counts, and the newspapers will not dwell on minor details like the wording. They will simply say that the Conservative government does not want to support Canada's railway heritage. What does the member think about this?

• (1120)

**Mr. Louis Plamondon:** Mr. Speaker, I thank the hon. member for his comments. His questions almost included the answers.

I share his point of view in the sense that, indeed, as regards the Canadian War Museum, some decisions were made without a comprehensive study, without waiting for the major studies on museums in Canada. I am not saying that these decisions were good or bad, but that they were made. It is the same thing with the portrait gallery. They are about to create this museum and they are considering its transfer to another region of Canada. But what about the consultations? What about the major studies that the Conservative government claims to always do before making a decision?

As I said earlier, in the agricultural sector, for example, when the government decided to abolish the Canadian Wheat Board by resorting to all sorts of strategies, there was not much consulting. There were no consultations at all when the government decided to spend \$17 billion on military equipment. When it comes to major decisions, there is no consultation process.

Then, all of a sudden, we have a motion from a committee report which, as you say, states an intention. We will not become tangled up in the wording. This is merely a motion from a report which says that the House of Commons wishes the government will follow up on the recommendation. Should changes or amendments be made? Maybe. Of course, we are willing to discuss them. But why is the government now opposed to a simple request to reflect on the issue of diversification for museums, because this is a very important in terms of principle? We are asking to do away with this harmful concentration. Today, 85% of museums are concentrated in Ontario. They should be located in places that have a history. For example, Saint-Constant has been working hard since 1961 to inform the public about the history of trains.

The facts speak for themselves. It has been demonstrated for a long time, with the Lord report and with the very existence of the museum, that this is the most important museum of its kind in Canada, and that it should receive the funding that it needs.

So, yes, I do agree with you. Today, the government seems to be hiding behind some studies to avoid making decisions. However, when it comes to other issues, it acts without any consultation.

**The Acting Speaker (Mr. Royal Galipeau):** Before continuing with questions and comments, I would like to say something. The hon. member has been in this House for a long time and he knows that when referring to other members in this House we do so in the third person, not the second person.

Is the House ready for the question?

**Some hon. members:** Question.

**The Acting Speaker (Mr. Royal Galipeau):** The question is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

**Some hon. members:** No.

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

**Some hon. members:** Yea.

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

**Some hon. members:** Nay.

**The Acting Speaker (Mr. Royal Galipeau):** In my opinion the nays have it.

*And five or more members having risen:*

**The Acting Speaker (Mr. Royal Galipeau):** The division on the motion stands deferred.

### *Routine Proceedings*

The House will now continue with the remaining business under routine proceedings.

\* \* \*

● (1125)

[*English*]

### PETITIONS

#### POVERTY

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, I have several petitions to present today. One is on “Make Poverty History”. The petition calls upon Parliament and the House to support raising the child tax benefit to \$4,900 per child to help eradicate child poverty in Canada.

Over a billion people around the world live in abject poverty. Poverty kills more than 50,000 people every day. In Canada, 15 years after Parliament vowed to end child poverty, one out of six children live in poverty.

In Ottawa all party leaders and the Prime Minister have agreed that global poverty needs an urgent response.

I support the “Make Poverty History” campaign in Canada, a citizens' movement advocating for more and better aid, the cancellation of the debt in the poorest countries and to end child poverty in Canada.

#### IMMIGRATION

**Mr. Mario Silva (Davenport, Lib.):** Mr. Speaker, as well I have 10 other petitions that call upon Parliament and the House to resolve the issue of undocumented workers.

On many occasions in the House, I have had the opportunity to raise the issue that undocumented workers play a vital role in Canada's economy and society. We have asked that the government look at this situation and come up with a humane and just solution to their plight.

#### LITERACY

**Mr. Mario Silva (Davenport, Lib.):** In addition, Mr. Speaker, I have a petition that is signed by members of my riding of Davenport, members of St. John's, Newfoundland and of the riding of Parry Sound—Muskoka who draw to the attention of the House that literacy is a prerequisite for socio-economic development and that approximately 38% of Canadians have difficulty reading and writing.

Therefore, the petitioners call upon Parliament to reinstate the funding for literacy programs cut by the Conservative government and to undertake a national literacy strategy to ensure that all Canadians have the opportunity to achieve this vital skill.

#### JUSTICE

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, I am pleased to rise in the House today to present a petition on behalf of my constituent, Ms. Kelly Fairchild, who calls upon the Government of Canada to increase stronger measures against those convicted of child sexual abuse and to recognize the survivors of sexual abuse.

*Government Orders*

## GOODS AND SERVICES TAX

**Mr. Ed Fast (Abbotsford, CPC):** Mr. Speaker, it gives me great pleasure to rise in the House today to table a petition signed by 82 residents from my riding and across British Columbia.

The petitioners call upon Parliament to eliminate the GST on used goods, since customers have already paid this tax on the items at first purchase.

## LITERACY

**Mr. Glen Pearson (London North Centre, Lib.):** Mr. Speaker, I am pleased to present another petition, one of several that my office has received, dealing with the issue of Bill C-316. The petitioners call upon Parliament to reinstate funding to the literacy program cut by the Conservative government.

I present the first of several petitions, which are from London. The petitioners note the importance of literacy for socio-economic development and the impact it has on our society. They recognize the need for Canada to help the 38% of Canadians who have trouble reading and writing.

I stand with the citizens of London in calling for the reinstatement of literacy funding and to undertake a national literacy strategy to ensure that all Canadians have the opportunity to achieve this vital skill.

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## QUESTIONS ON THE ORDER PAPER

**Mr. Brian Jean (Parliamentary Secretary to the Minister of Transport, Infrastructure and Communities, CPC):** Mr. Speaker, I ask that all questions be allowed to stand.

**The Acting Speaker (Mr. Royal Galipeau):** Is that agreed?

**Some hon. members:** Agreed.

## GOVERNMENT ORDERS

• (1130)

[English]

## BANK ACT

The House proceeded to the consideration of Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, as reported (with amendment) from the committee.

**Hon. Monte Solberg (for the Minister of Finance)** moved that the bill, as amended, be concurred in.

(Motion agreed to)

**Hon. Monte Solberg (for the Minister of Finance)** moved that the bill be read a third time and passed.

**Ms. Diane Ablonczy (Parliamentary Secretary to the Minister of Finance, CPC):** Mr. Speaker, I appreciate the opportunity to introduce at third reading C-37. The bill would amend the legislation concerning the framework for financial institutions operating in Canada and it comes out of the five year review of the Bank Act undertaken by Parliament.

The financial services sector is key to the success of a modern industrial economy. That goes without saying. The sector plays a unique role in fuelling the growth that is essential to the success of the Canadian economy, but the significance of this proposed legislation goes beyond our borders. Canada is recognized internationally for our safe and secure financial sector and the bill would help ensure that Canada remains a world leader.

The goal of Canada's new government is to improve our quality of life and make Canada a world leader for today and future generations. How will we do that? Along with November's economic and fiscal update, the Minister of Finance introduced "Advantage Canada". This long term plan will achieve a higher standard of living and better quality of life for Canadians as the world economy continues to transform.

I will talk a bit about the plan and illustrate just how Bill C-37 fits in.

"Advantage Canada" is rooted in the realities of global competition and Canada's existing strengths and economic challenges. As a long term vision, it will serve as the framework for government decision making for years to come. Competition drives firms to become more efficient, invest in new technologies and introduce new products and services that benefit consumers. A highly competitive and open national economy also helps our companies and organizations to be more successful when competing in global markets, which means more and better jobs in Canada.

Government has a role to play in creating the ground rules for competition in Canada. Consistent with the overall purpose and principles of the "Advantage Canada" plan, Canada's framework of competition will create competitive marketplaces that serve both individual and business consumers with low prices, choice, quality and service. The investment will also drive and foster innovation investment and efficiency that grow productivity and competitiveness and it will promote a more resilient adaptable economy.

"Advantage Canada" is about making Canada a world leader and a safe and efficient financial system is crucial to achieving that goal.

Canada has a strong and sound financial system that serves Canadians well. It is an asset unto itself, providing high end, knowledge based and well-paying jobs for Canadians. Of course a strong financial system needs to be able to adapt to the evolving needs of households and businesses.

Keeping Canada's financial institutions and markets innovative and competitive with a flexible regulatory framework founded on sound principles will ensure that they continue to meet not only the needs of our growing economy but also the needs of Canadians. That is where Bill C-37 comes in.

Just as "Advantage Canada" is about making Canada a leader in the world, the bill is about ensuring that Canada's financial system remains a leader in the world. To attain that goal, Canada must have a regulatory framework that allows financial sector participants to operate as efficiently and effectively as possible.

*Government Orders*

The Government of Canada is responsible for maintaining the safety and soundness of the financial institution sector. It is also responsible for ensuring that consumers and businesses are properly served and protected. The regular five year review of the financial sector framework is an important tool in meeting these responsibilities, and a consultation process was an integral part of that review.

A large and representative group of stakeholders provided comments to shape the review of the financial sector statutes. Over 50 submissions were received from various stakeholders, including industry associations, financial institutions, consumer groups and individual Canadians. Those submissions culminated in a white paper issued by the Minister of Finance this past June. The drafting of Bill C-37 followed to legislate the proposals set out in the white paper.

• (1135)

While stakeholders agreed that no major overhaul was needed, there was acknowledgement that some steps could be taken to enhance the interest of consumers, increase legislative and regulatory efficiency and adapt the framework to new developments. These three objectives are the framework on which the bill is built.

I will now illustrate how Bill C-37 meets these objectives.

First, Canada's new government wants to ensure that the interests of consumers are well served. As members can imagine, competition in the industry in technological innovation can sometimes make for a confusing array of products and services confronting consumers. It is therefore important that consumers have the information available to them to help make informed decisions.

That is why Bill C-37 proposes to improve disclosure to consumers. Perhaps one of the best examples of improved disclosure to consumers relates to the growth of online services. Currently, federally regulated financial institutions must disclose in their branches information on the amounts charged for services normally provided to their customers and the public.

However, with consumers increasingly managing their finances using Internet banking, these disclosure requirements currently do not extend to the online world. To ensure that consumers have sufficient information, Bill C-37 proposes to harmonize online disclosure requirements with those of the in-branch requirements. This proposed legislation will allow consumers to compare banking products and services more easily online.

Another important measure to address consumer interests in the bill is the proposal relating to complaint handling procedures. Federally regulated financial institutions are required to have procedures and staff in place to deal with complaints from consumers. These procedures must be filed with the Commissioner of the Financial Consumer Agency of Canada and must be provided to consumers when they open a deposit account.

However, there are currently no requirements to ensure that consumers have access to information on these procedures on an ongoing basis. In addition, consumers who do not open an account, but rather obtain other products and services such as a mortgage, do not receive any information on complaint handling procedures.

Consumer groups have raised concerns that consumers may be unable to readily obtain the necessary information on the proper complaint handling procedures when a complaint with their financial institution arises. Bill C-37 addresses that issue by proposing amendments to the financial institutions statutes that will require financial institutions to make their complaint handling procedures publicly available for all consumers to access whenever they choose.

One of the biggest advantages of a regular review of the financial sector, such as we have in Canada, is the ability to modify just the framework as the sector changes and evolves. For example, there is now increased competition in Canada from foreign banks. The framework encourages competition through the entry of foreign banks into the Canadian market. However, while foreign banks have considerable flexibility to do business in Canada, some aspects of the current regulatory mechanisms have been criticized as being complex and burdensome.

An area of significant concern has been the regulatory burden placed on the so-called near banks. These foreign entities are not regulated as banks in their home jurisdictions, but provide banking type services such as consumer loans. Of particular concern is the ministerial entry approval that near banks must obtain to undertake unregulated activities. This requirement is regarded as unnecessary and costly. Moreover, it results in delayed transactions and provides little benefit.

• (1140)

To simplify the foreign bank entry framework and reduce the administrative burden, Bill C-37 proposes to narrow the framework to focus on real foreign banks and remove near banks from the foreign bank entry framework by eliminating the entry approval for near banks undertaking unregulated financial services.

The financial services sector has changed dramatically in recent years. Globalization has certainly played a major part in this change but so too has convergence and consolidation in the industry and, of course, advances in technology have changed the way we do banking today. One just needs to look at the way cheques have been processed for years.

Traditionally, the cheque clearing process involved the physical delivery of cheques to the issuing financial institution before a decision could be made whether or not to make the payment. Now, with the use of computer scanning technology, cheques can be sent electronically to the originating financial institution.

The faster processing enables financial institutions to clear cheques more quickly, thus allowing consumers and businesses to have more timely access to funds. To reflect the faster cheque processing time, Bill C-37 proposes to facilitate the introduction of regulations limiting hold times imposed on cheques.

Instead of using this regulatory power, however, the government is in the process of finalizing an agreement with the banking industry to reduce the maximum hold period voluntarily for cheques to seven days from ten days. Once cheque imaging technology is fully implemented across Canada, the cheque hold time will further be reduced from seven days down to four days. This, of course, represents a significant benefit for consumers and businesses alike.

*Government Orders*

Once more, these changes illustrate the importance of having an up to date framework to allow financial institutions to evolve and prosper while benefiting consumers.

Bill C-37 also contains a proposal that would attract additional expertise to the industry. Specifically, the bill proposes to reduce the board of directors residency requirement for Canadian financial institutions from two-thirds to a majority. This would allow Canadian financial institutions to add more foreign experts to their board. It would also enhance flexibility and give financial institutions new scope to pursue global business opportunities while maintaining a strong Canadian presence on their boards.

All told, the proposals in Bill C-37 will help modernize the regulations for our financial institutions, which makes this bill important for a number of reasons. First and foremost, the bill is important because it would cut red tape and advance the interests of consumers. It is also important because it would amend the legislative framework so that Canadian financial institutions can better compete in the international marketplace. The bill is important for Canada because it would ensure that Canada continues to be a world leader in the financial services industry.

I therefore would ask all hon. members to give this bill careful consideration and allow it to pass without delay.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, in his speech at second reading to the House, the finance minister stated:

The government believes that the best approach to improving services for consumers is through competition and disclosure...

He went on to say:

Disclosure...ensures that consumers and businesses alike have the relevant information they need to make the best decisions in light of the choices available to them.

I raise those quotes because in the bill that was presented to the House at second reading there was an additional clause to the Bank Act proposed which basically states that no account or service shall be offered to a customer unless, and it lays out information on all charges as disclosed, information on how the customer will be notified of an increase in charges, information about the bank's procedures relating to complaints and any other information that may be prescribed.

Interestingly enough, an amendment moved at committee changed this. It added a proviso which says, in the new subparagraph 448.3 (2), that the governor in council may make regulations specifying the circumstances under which a bank need not provide that information to consumers.

Could the parliamentary secretary explain to the House why it is that certain accounts or services provided to Canadians would not require the proper disclosure of the charges and other conditions of providing that service or account?

• (1145)

**Ms. Diane Ablonczy:** Mr. Speaker, the simple answer is that all proper disclosure will be made. The amendment was passed by the committee simply to ensure there was no unnecessary red tape or redundant regulatory burdens put into place. On the one hand, we wanted to ensure that the act would ensure that consumers have full and greater disclosure but not in a way that would unnecessarily

introduce red tape, which accomplishes nothing for consumers and causes more cost and inefficiency for banks.

It is a good balancing act and I think the member will support that as he considers the good balance that has been struck by the committee at report stage.

**Mr. Paul Szabo:** Mr. Speaker, I think the member may have addressed another amendment that was made to the Bank Act, section 448.3. The amendment proposed by the committee was that the disclosure would be "in the prescribed manner". I understand that is a proviso that would ensure there was no inefficiency in terms of disclosure or a lot of red tape.

However, the subclause (2) that is being added is very specific that the governor in council, i.e., the cabinet, can prescribe that certain accounts or services provided by a bank would be exempt from proper disclosure of the charges or conditions related to an account or other services.

I would ask the member again whether she can give us one example of an account or some prescribed service included in the regulations to the Bank Act that would not require disclosure or in the future may be introduced that would not require such disclosure.

**Ms. Diane Ablonczy:** Mr. Speaker, this provision was put into the Bank Act to ensure there is a proper balance so that if disclosure is not needed by consumers, the banks do not need to have extra unnecessary red tape. This judgment is made from time to time by governments and the act simply allows that judgment call to be made.

However, the first focus of the Bank Act and of all governments is to ensure that businesses, consumers and the users of financial services have the disclosure they need. I assure the hon. member that nothing in the Bank Act, as it is tabled in the House, will detract from that. In fact, it enhances the choice, competition and information that is provided to consumers and the country.

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, I am pleased to speak to Bill C-37, an act to amend the law governing financial institutions.

I was glad to see that all the members of the Standing Committee on Finance delivered the bill back to the House in such an expeditious manner. We certainly look forward to continuing the debate here.

A vibrant 21st century economy requires, at its bedrock, a strong and well regulated financial sector that is not needlessly bound by red tape and yet, at the same, protects the interests of its citizens.



*Government Orders*

In many respects, Canada's financial services sector is the envy of the world. The expertise of our financial services sector is often sought out by our international friends. It has also helped our homegrown Canadian banks make real progress in expanding their services to other countries.

In fact, while our banks currently employ about a quarter million Canadians here at home, they now employ roughly 40,000 other people around the world. Indeed, this function of our banks, and at least as much our insurance companies, in taking on the world overseas in China, in India and in many other countries, is a very good thing for this country. Canada, as a whole, needs to take on the world. We need to compete with China, India and other emerging economic giants and, therefore, it should be core and central to government policy to prepare us for this new, highly competitive 21st century.

While our banks are certainly doing well, our government in the past year has been totally asleep at the switch. In terms of preparing Canada for the 21st century economy, I would contend that just as the government wasted a year when it came to the environment, cutting environmental programs until it woke up and looked at the polls, similarly, it has been totally asleep at the switch and totally wasted the last year when it comes to building a strong economy for the 21st century.

It is not a great puzzle what has to be done. We in Canada will compete with China and India, not through low wages, which is the last thing we want to do, but through good ideas, a highly educated workforce and research and training, which are all the things the government has cut.

We must also compete through lower income taxes and competitive taxation but the government raised income taxes.

At a time when the government has literally been swimming in money, with huge surpluses bequeathed to it by the previous government, it saw fit to slash funding for research, cancel programs for training Canadians and to raise income taxes. Those are all things that are the antithesis, the opposite of what has to be done in order to prepare Canada for the 21st century economy.

It is not as if our competitor countries have been standing still. We can look at what Australia has been doing. While our government insults China, Australia has been negotiating agreements with China. While Australia has reduced its income taxes, increased credits for low income Australians and made company taxes more competitive, what has our government done? It has raised income taxes. Yes, it has reduced the GST but that does nothing to make our country more competitive. While Australia forges ahead, Canada sits back and does nothing.

The United Kingdom is another example. It has ambitious targets for research and development over the next decade, backed by government support to achieve those targets. The European Union has even more ambitious targets for research. What do we do? We slash research funding.

I think this is totally irresponsible behaviour on the part of the government. When it is swimming in cash, it has no excuse for raising income taxes, no excuse for slashing research funding and no excuse for slashing support for training Canadians because it is only

through well-trained, well-educated and innovative people that we will be able to take on the world, and the government has gone in the opposite direction.

● (1150)

I applaud our financial institutions for taking on the world and for showing success in Asia, but the government has to go beyond those successes that we see today. The government has to build a strong economy. It has to put in place policies that will create jobs for the future. The government, sad to say, has done precisely the opposite.

To return to the Bank Act, the five year review of the act is not something that happens overnight. In fact, it began more than two years ago, when the previous Liberal government began a consultation process and outlined what ground it expected the review to cover. While it is good to see good Liberal policy brought to this place—

**Mr. Brian Jean:** Is there such a thing?

**Hon. John McCallum:** —it also leaves me with some concerns about the government's broader agenda.

On the one hand, I am glad to see that the Conservatives have decided to model their bill closely on the Liberal proposals. This bill really is 100% proposals from the previous Liberal government. Naturally, therefore, we do not hesitate very much to support it, but I do have some serious concerns about the government's ability to conceive of any truly new legislation.

Canada's alleged new government is actually starting to look an awful like Canada's used government. If we look beyond the Bank Act to some of the other pieces of legislation put forward by the government, it is hard to see anything that the Conservatives have conceived of themselves. The Conservatives may have promised new government, but they have only delivered borrowed government.

For instance, the EnerGuide retrofit program for homes was once thought a wasteful program by the Conservatives before they looked at the polls on environment. We remember that just three months ago the Conservatives thought spending any money on a clean environment was wasteful. Now they have brought back the old Liberal plan.

However, instead of bringing back the full program, they have eliminated portions of it, particularly the money for energy audits. What will this do? Effectively this will help ensure that low income Canadians are unlikely to be able to afford making use of the program, but low income Canadians are not the base of the Conservative Party so the Conservatives do not really care about that.

This is a shameful act, because I remember very clearly from the time when I was natural resources minister that low income people are particularly hard hit by high energy prices. Low income Canadians pay out 25% of their low incomes on energy, but how has the Conservative government amended and altered our EnerGuide program? It has cut out the audit part, the part that is essential to allow those low income Canadians to access the program.

*Government Orders*

The Conservatives have deprived these people who are most subject to difficulties from higher energy prices. They have effectively excluded those people from this program. I think it is typical of their behaviour because they do not regard low income Canadians as part of their constituency, so if those people are excluded, that is fine.

If only the government could swallow its pride and reinstate the full EnerGuide program, which I am confident is useful; I am not so confident the Conservatives see it as useful, but that is what is in my speech. Meanwhile, at least they have brought back part of the program, but they have excluded that most critical part, which is the part that is essential to help lower income Canadians.

Another example is Bill C-25, An Act to amend the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, which we passed last fall. Much like the Bank Act before us today, nearly all of the bill was drawn from proposals drafted by the previous Liberal government. It was a sensible bill, but because of near complete inaction on the part of the Conservatives, Bill C-25 had to be rushed through the House and the Senate in order to make sure it received royal assent in time to be compliant with our international partners.

Today we find the same thing. Once again, we are rushing to get Bill C-37 through both chambers. The Financial Institutions Act was scheduled to sunset this past October, which is why the previous Liberal government began the consultation process over two years ago, but the Conservatives delayed. They dithered. They delayed the release of the white paper and gazed at their navels until they had to ask the House to extend the act by six months, which we of course did. Now we are forced to get this legislation through both chambers in the next 50 days in order to beat the April 24 sunset clause.

• (1155)

So on the one hand, I am impressed that the Conservatives have been, generally speaking, willing to implement the majority of Liberal policies that were waiting for them when they came to power last year. On the other hand, I am a little concerned that they are willing to implement some of them in such a piecemeal and rushed fashion and they seem to have so few ideas of their own in the legislative cooker.

Worse still, and this is perhaps the most important point, when the Conservatives do manage to dig an idea out of their own caucus, it is almost universally panned by everyone else. I do not think it would be a stretch to say that their so-called clean air act was a complete failure, and their reverse onus legislation has been called unconstitutional by the legal community.

Thank goodness for our financial institutions and the millions of Canadians who rely on them that this used Conservative government has decided to stick with Liberal policy on Bill C-37.

Let us hope that when the upcoming budget rolls around next month the Conservatives will remember a few other Liberal programs that they have ruthlessly cut. I am talking about literacy programs. I am talking about funding for Canada's struggling museums. I am talking about the GST visitor rebate program, without which our tourism industry will be at a competitive disadvantage with the rest of the world.

It is truly amazing that the Conservatives cut that visitor rebate program, making Canada the only OECD country that does not have such a program, depriving Canada of the convention business and of foreigners who come to this country as a consequence of that program. Experts have indicated that the government will lose more tax revenue by ending this program than it gained by cutting the program, and it has done so at a time when it is swimming in money. There was no need to cut that program, just as there was no need to cut literacy or status of women programs or museums.

The government is swimming in money but nevertheless has struck out and cut the programs that have provided assistance to Canada's most vulnerable. The Conservative government also struck out and foolishly cut programs like the visitor rebate program, which makes absolutely no sense. I remember this, because when I was doing expenditure review in the previous government the bureaucracy suggested that we cut the visitor rebate program, so I know where the recommendation came from. The Liberal government had the good sense to say no to the bureaucracy. The Conservative government simply followed what the bureaucracy recommended. That turned out to be an extraordinarily foolish and counter-productive move.

Returning now to the white paper that the Liberals commissioned in preparation for the five year review of the Bank Act, one of the most exciting things the Liberals were exploring in that paper was writing electronic cheque imaging into law. The bill states that banks will be required to use new technologies to better serve the needs of Canadians.

As it stands right now, the maximum hold period on a deposited cheque is 10 business days. That can be an excessively long time for some Canadians, especially low income Canadians who need access to those funds much more quickly in order to pay their bills and buy their basic needs. Bill C-37 will immediately lower this hold period to seven days, allowing Canadians faster access to their own money.

This can be done even faster. I am speaking specifically to electronic cheque imaging, which Canada's banks have already begun to implement. By adopting electronic cheque imaging, banks will no longer need to physically exchange copies of cashed cheques with other institutions. Instead, a captured electronic image of the cheque can be sent instantaneously to another financial institution.

Better still, when all of Canada's financial institutions have installed electronic imaging equipment in the next couple of years, the maximum hold on cheques will be reduced from seven days to a mere four days. Furthermore, I hope that as the technology advances we will be able to further reduce the maximum period.

*Government Orders*

● (1200)

A second aspect of this bill that I approve of is a provision for an increased disclosure regime that will provide Canadian consumers and businesses alike with the information they need in order to make the most informed investment decisions possible. Bill C-37 will ensure that the savings product disclosure regime is just as effective for the millions of online bankers as it is for branch customers. Strong competition and information disclosure are two of the best tools available to ensure that Canadian consumers' needs are being served well by our financial institutions.

As I have said, the official opposition will be supporting this bill. My colleague will expand on my remarks in terms of some other items contained in the bill. But I do hope that Canada's alleged new government will continue to use our ideas to their fullest and can refrain from returning to the dangerous incompetence of the previous Conservative government that was so damaging to Canada's economic well-being.

Perhaps I should expand briefly in my remaining time on that last comment. What do I mean by Canada's last Conservative government being damaging? There is a pattern here, in that Conservatives create deficits and leave those deficits for Liberals to clean up. The most glaring example in our recent economic history was the Mulroney government, which bequeathed to the Liberal government a \$42 billion deficit. It took some time to clean that up.

Indeed, the Mulroney government received a credit downgrade in 1992. Since 1951, Canada had consistently had an AAA rating. Then, after a series of deficits that had us, according to the IMF, headed for third world status, the credit rating was downgraded in 1992. It took 10 years of the Liberal government cleaning up the Conservative mess to restore that credit rating to its AAA status.

It is not as if that is an isolated example. Looking south of the border, we saw Bill Clinton running surpluses. Who has been running the huge deficits? George W. Bush and, before him, Ronald Reagan. Or we can look to Ontario. The pattern is always the same. It was the Mike Harris-Ernie Eves government that ran on a campaign of a balanced budget, but when that government lost and the auditors came in, what did it show? It was a \$5.8 billion deficit. That is of some relevance here, because three of our most senior ministers were senior members of that government.

Conservatives, whether we are talking about Ronald Reagan or George Bush in the United States, or Brian Mulroney or Mike Harris in Canada, historically have run huge deficits. They have left those deficits for successive Liberal governments to clean up.

What has happened to this Conservative government? It has been bequeathed the largest surpluses in Canadian history. That is why it is particularly incumbent on the government to use that money wisely, but it has not.

As I said, the Conservatives have done the opposite of what Canada needs for a strong economy to take on the 21st century. They have raised income taxes. They have slashed research. They have slashed learning. They have slashed programs for Canada's most vulnerable, the literacy programs, women's programs and the museum programs, and they have done all that at a moment when

they have been literally drowning in the hard-earned cash of hard-working Canadians.

That is where I will conclude my speech, by saying that I hope this new government will continue to use our ideas to their fullest and can refrain from returning to the dangerous incompetence of the previous Conservative government that was so damaging to Canada's well-being.

● (1205)

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, whenever a Liberal talks about the deficits and debts of the Conservatives and how wonderful the Liberals are, I just cannot resist the temptation to get up and give the rebuttal which I believe the member should receive.

A huge ship must have its rudder moved long before the intended time of turning. The national economy is the same.

The facts are very clear. It was the years of a Liberal government with its huge borrowing and its deficits racking up a huge debt that caused this country to go into a series of deficit years in this country's budgets. It was the Conservatives who took over after the Liberals had put us on that path and yes, during the years that the Conservatives were in power, that path was not turned around. It happened three years approximately after the Conservatives were defeated. That is because the Conservatives put in place a number of measures that helped the economy to turn around and which the Liberals cashed in on. The Liberals got the credit for it.

I would simply say that we have to look at the long term when we are looking at these economic effects. The effect of one government does indeed go into the term of office of the next one.

● (1210)

**Hon. John McCallum:** Mr. Speaker, I do not know what the hon. member is smoking. We are talking about simple facts here.

When the Liberals came to power in 1993 the deficit was \$42 billion. That is a fact. That was the legacy which we inherited from the Mulroney government. As a consequence of that the Government of Canada's credit had been downgraded in 1992. That was one year before the Conservatives lost, I would point out to the member. It took 10 years of hard Liberal work to fix up the Conservatives' mess and to restore our credit rating to AAA. That is a fact.

The second fact is that when the current government came to power, it had a \$13 billion surplus, not a \$42 billion deficit. There is a difference. Not only that but the latest figures coming out of the finance department show that it may be en route to another huge surplus in excess of \$10 billion, thanks to Liberal management.

Of course I believe in democracy. The Conservatives are in government but when they inherit riches of that scale, it gives them a special responsibility to use that money wisely. By cutting programs to the most vulnerable, by slashing research, by raising income tax, the government is simply squandering the massive inheritance that it received from the Liberals.

*Government Orders*

**The Acting Speaker (Mr. Andrew Scheer):** I would like to remind all hon. members about the provisions in the Standing Orders and parliamentary practice about relevance. We are debating a bill specifically dealing with financial institutions. There has been a lot of debate back and forth on some things that I would question as to whether or not they have relevance to this bill at third reading.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I was interested in the dialogue that took place although it is not directly related to the Bank Act. We have to look at what we are talking about.

I note that the finance minister in his speech at second reading made several points about the importance of building a competitive business environment and of ensuring financial stability as the reasons that we make these changes. It begs the question, are we talking about the motives and objectives of a government that wants to make changes to legislation that will show Canadians there is a basis for trust, there is a basis for proper accountability and there is a basis for the integrity of what is being done in this and related areas?

I raise the example of the income trust situation. It has to do with financial stability, integrity and accountability, of which it appears there is none.

I wonder if the member would like to comment on the degree of accountability, integrity and trust that is reflected in some of the actions that have been taken that impinge on financial stability in Canada.

**Hon. John McCallum:** Mr. Speaker, I thank my colleague for his highly relevant question relating to financial stability and financial institutions.

Indeed confidence is key. Honesty is key. Sensible, well thought out policy is key. I must say that on all of these counts, the government's income trust policy has been an abject failure. I will give very briefly the reasons.

First of all, the Prime Minister promised as clearly as was possible to promise that he would not tax income trusts. As a consequence, hundreds of thousands of Canadians went into income trusts, at which point the Prime Minister cut them off at their knees and imposed on Canadians a massive \$25 billion loss in a single day.

Second, it was the execution of that broken promise by the finance minister that was absolutely incompetent. He dropped the nuclear bomb on the industry which did maximum damage to those individuals who had taken the Prime Minister at his word. Less extreme alternative measures were available that would have achieved the same objectives of tax fairness, but at a small fraction of the damage to Canadians that was caused by the finance minister's reckless plan. He did not think it through. He acted decisively but he was decisively wrong.

I would end by saying that the NDP behaviour on this file is particularly shameful. The Bloc and the Liberals are working to bring amendments to this disastrous legislation, to help in their time of need those Canadians who have suffered billions of dollars of losses in their savings which they need for their retirement. Shamefully, the NDP to this day has refused to assist us to help those ordinary hard-working Canadians in their moment of need.

●(1215)

**Mr. Paul Szabo:** Mr. Speaker, I want to quote from the finance minister again when he said, "The government believes that the best approach to improving services for consumers is through competition and disclosure".

Generally, one would say that those are important principles, yet another example would be in terms of the impact on competition or the variety of instruments that are going to be affected. For instance, the income trust example shows that maybe there is a contradiction in its commitment to the variety of instruments available to investors.

**Hon. John McCallum:** Mr. Speaker, my colleague makes another excellent point and there are two aspects of this I will touch on briefly.

The first is that he used the word "disclosure". On this argument of the finance minister about tax leakage, we had a battery of witnesses, highly reputable people who know what they are talking about, who said that all of his numbers were wrong. What was the finance minister's response? It was a blacked out, censored document from the Department of Finance without one legible number. Talk about disclosure. If he wants to convince Canadians that he is right, the least he could do is disclose that blacked out document, because he cannot win the argument when there are six experts against one blacked out document with no numbers in it.

On the other point that my colleague raised in terms of availability of instruments, we do not have to go further than the governor of the Bank of Canada to find an expert witness who has said that the income trust sector has been useful for seniors in particular. It is virtually the only instrument that we in Canada have, unlike the U.S., which provides a relatively high yield to savers. Many Canadians, particularly seniors who have to pay their bills from the proceeds of the savings they have generated over a long lifetime, were extraordinarily dependent on income trusts.

The governor of the Bank of Canada himself has said that this vehicle is a useful savings instrument, particularly for those individuals. The Conservative government, through its reckless behaviour, has in fact destroyed income trusts.

[*Translation*]

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Speaker, before I begin my remarks on Bill C-37, I would like to add a few comments on the issue of public finance.

The Liberal finance critic who just spoke reminded hon. members that the Mulroney years were extremely disastrous as far as public finance was concerned, with major deficits including the last one of \$42 billion.

Nonetheless, I want to provide a few facts for the public's information and so that everyone knows the whole story. The first deficit recorded in 1975 was run by a Liberal finance minister, John Turner. Then a whole series of deficits followed until 1993-94. The Liberal solution was to offload the problem to the provinces, Quebec in particular, by creating the fiscal imbalance. If we look at the true public finance story of the past 20 or 30 years, neither side has anything to teach us.

*Government Orders*

Let us come back to Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters. The Bloc Québécois will obviously be in favour of this essentially technical bill and we will have no problem supporting it.

Precisely because this is a technical bill, it does not address the substantive questions that we would have expected the Conservative government to provide us with some answers to, some possible solutions, or even that it raise issues. I am thinking, for example, of the entire question of electronic transactions. There is absolutely no reference to that, apart from cheque imaging, which I will come back to.

We know that this is a major issue in the economic development of Canada and Quebec and all of our economies. Failing to address this question, failing to provide solutions, at least in terms of regulation, means that we run the risk of hitting a ceiling over the next few years in terms of electronic transactions. The regulatory framework is inadequate. We would therefore have expected that this question be addressed in Bill C-37.

The same is true of bank fees. It may be appropriate for there to be fees for certain transactions. But do fees need to be charged for all transactions? Some transaction charges are surely somewhat questionable. An example might be a cash withdrawal at an ATM that belongs to a bank other than the one that the person ordinarily does business with. There are relatively high fees for that transaction. This might at least have been given some thought.

In fact, the Minister of Finance will be meeting with the banks in a few days to discuss these questions. It would have been useful, before they are discussed with the banks, if we could have had a substantive discussion at the Standing Committee on Finance, based on various information that both the Department of Finance and the Minister of Finance could have provided to us. But no, the question had to be raised by one of the members of the Standing Committee on Finance and the committee had to take it upon itself to initiate a study of bank fees.

Once again, on questions of this type, we must not take an ideological approach, whether on the right or on the left. We must first try to understand why banks charge these fees, what they are for, and to establish rules or limits, to regulate this practice based on information and facts, and not based on preconceived notions.

The work on this will be done by the Standing Committee on Finance. We would have expected, however, in a bill to revise the Bank Act, something that happens only every five years, that these subjects, which have been widely debated in Canadian and Quebec society, would have been addressed.

There is another matter that should have been included in this bill. That is the entire question of reinvesting in the community. We know that discriminatory practices sometimes occur on the part of our banking institutions. I would say that they are not even committed intentionally. It is simply a certain way of doing things that is referred to as systemic discrimination.

Here is an example. Every year, the Canadian Federation of Independent Business, which is hardly a left-wing institution, as we know, speaks out against the discrimination that women entrepre-

neurs suffer, particularly small and medium-sized business owners. March 8 will be International Women's Day, and they will probably speak out against it again this year.

• (1220)

This is a known fact that even the business community recognizes, and we must therefore find ways to counter this systematic discrimination.

In the United States, community re-investment is a practice that forces financial institutions to take stock of their loan and credit applicants, and how the banks approve the applications. If it appears that certain groups are under-represented despite their applications, a special fund makes money available to those investors who have been discriminated against by the banks based on their profile. It is even better when there is no discrimination and the financial institutions take stock of the ratio of loan applications and approved loans.

However, I repeat, this is common practice in the United States, and this forces the financial institutions to re-invest in the community, in those groups that have the greatest difficulty obtaining credit, in particular, to start up a business.

Another question should have been addressed during the examination of Bill C-37 and that is the issue of tax havens. How is it that Canadian banks are such frequent users of tax havens? The Bank of Nova Scotia comes to mind, among others, since I discovered that it has locations in nearly all the tax havens in the West Indies, including Bermuda and the Bahamas. Why? Is it simply because it does not have the choice, given the global economy? We would like to know. The question has not even been asked. Is it because Canadian laws and regulations are not stringent enough? The Standing Committee on Finance began examining one possibility and will delve further into this over the coming weeks.

People will remember some interesting debates we had in the House on how companies like Canada Steamship Lines Inc. were using tax havens to avoid their responsibilities as good corporate citizens. As I was saying, we should at least have touched on this, although we still can. The Bloc Québécois intends, by the way, to introduce a motion in the next few weeks that the committee should pursue its work on tax havens.

Another aspect is identity theft. We know now that criminals can access our entire profile using social insurance cards. There are about five million too many of them in circulation.

With a certain amount of credit information, these people can go to a financial institution, take out a mortgage on someone's house and disappear with the money. Unfortunately, these things happen every day. There is nothing about this crime, which is still not recognized as such. Sometimes people discover from one day to the next that they are indebted to the banks.

Who is responsible when this kind of thing happens? Are the banks not responsible for ensuring that when someone comes to them with certain information, he or she is the right person?

*Government Orders*

I think that we could have an interesting debate on this. We did touch on it when Bill C-37 was being studied. However, the department officials told us that it would have to be listed first as a crime in the Criminal Code before it could be included in the Bank Act.

We should have suggested a number of possibilities. The opposition parties, the Bloc Québécois and the NDP, have obviously tried to fix some things. However, most of their amendments were deemed out of order because they went beyond the bill before us.

As I was saying, this bill severely restricted parliamentarians' ability to do their job and review the Bank Act. Unfortunately, this opportunity only presents itself every five years. I hope that the department, the minister and the Conservative government will not wait five years to do something about these issues of considerable concern to the public.

● (1225)

Some other things too would have deserved further consideration, such as the question of the bank ombudsman, for example.

I quite liked the debate that started up where bank representatives explained what this system was and why the banks financed it. These representatives also explained that the ombudsman is quite independent and the banks have complied with fully with his decisions since the position was created.

Nevertheless, some consumer associations and individual consumers still appeared before the committee and said they did not think they had the protection they needed to proceed with some of the outstanding legal actions between consumers and the banks.

I for my part will not prejudge the issue. However, it seems to me that we should have pursued this further. Even after Bill C-37 has gone through the study phase, consumer associations will continue to think, whether rightly or wrongly, that the Bank Act does not protect consumers sufficiently. I think that they are right at least in regard to the fact that we have not studied this issue enough and did not go into it further. To this extent, their questions remain unanswered.

As I mentioned earlier, Bill C-37 is very technical and has limited debate on a number of questions. Furthermore, this bill was studied very quickly, I must confess. The committee did this work in three sessions. I do not think that the members of the committee needed a great many more sessions, given the technical framework of the bill. However, in my opinion, in future, when we study a bill like this one, we should have much more substantial debates, especially since the Bank Act is only reviewed every five years.

As I have already mentioned, the Bloc Québécois will vote in favour of this bill. Although it does not affect the big societal debates surrounding banking institutions and the Canadian banking system as a whole, Bill C-37 will nevertheless introduce a number of measures on which the Bloc agrees. For example, it will introduce mechanisms for conveying information to consumers, and this will enable them to get more information so that they can make informed decisions regarding their use of bank services. This is a step in the right direction. More remains to be done, but we are headed in the right direction.

Also, a regulatory framework allowing the use of digital data in the processing of cheques has been introduced, and this will reduce the length of time cheques are held by banking institutions.

There too I do not think anyone will complain about the fact that, instead of their cheque being frozen for ten days or seven days, as provided under the voluntary agreement between the banking institutions and the Department of Finance, the funds will only be frozen for four days, if I remember correctly. I will come back to this. The members of the committee nevertheless wondered why the banks were continuing to freeze the funds of deposited cheques for more than 24 hours, in spite of all the electronic means at our disposal.

We will have to wait till digital imaging is put in place. We have not had any answers on this.

The time during which such funds are frozen must be reduced to a minimum. This creates a lot of problems, particularly for small investors and small and medium-sized businesses. Still, the possibility of imaging will be there. Let us hope that the banks will use it to reduce waiting times for releasing funds as much as possible.

There is a provision for reducing the regulatory burden on foreign banks, credit unions and insurance companies in order to make the regulatory approval regime more efficient. Obviously nobody wants regulations for the sake of having regulations. Everyone agreed that this was a good step, especially for the credit unions.

Facilitating the establishment of foreign banks in Canadian and Quebec markets can only be beneficial for consumers. We know that our banking market is extremely concentrated in Canada, with only five major players. Despite the efforts that have been made to create competition, in particular with the passing of Bill C-8 a few years ago, we have to acknowledge that there is not much competition, particularly in the regions.

● (1230)

In the case of Quebec, for example, it could be said that, in the regions, the Desjardins movement practically has a monopoly because the major financial institutions have decided to desert this market as it is not lucrative enough for them.

We find ourselves in a situation where competition does not have all the results expected and the arrival of foreign banks and credit unions provides an opportunity for real competition in the financial sector, which is quite desirable.

Regulations governing mortgage loans are also revisited: the insurable portion of a mortgage will be reduced. At present, up to 75% of a mortgage does not have to be insured; the remainder does. Naturally, that leads to additional costs for consumers who wish to purchase a home. The uninsured portion is being increased to 80%. Reducing by 5% the portion to be insured will make it easier for a number of individuals to purchase property and lower the cost of borrowing. We obviously cannot be against this measure.

*Government Orders*

Various other matters were also reviewed. They relate to the proportion of equity of a bank held by a single shareholder or groups of shareholders. This should make it easier for small banks to enter the market. That is desirable. As I mentioned, past legislation adopted has not yet led to the desired competitiveness in the financial market.

Therefore, we will support this bill. In the time allotted to me I would like to talk in more detail about certain matters found in Bill C-37.

My presentation will address the bill's objectives.

The first objective covers all matters affecting the interests of consumers. A certain number of measures in this regard were taken by Bill C-37. As I mentioned, we do not go far enough; however, some measures are headed in the right direction.

The second objective is to improve legislative efficiency and there are a certain number of measures in this regard in Bill C-37.

The last objective pertains to a group of varied measures in Bill C-37.

The first key objective, which is enhancing the interests of consumers, includes a first main element, namely to improve the system of disclosing information to consumers. I talked about it earlier, in my introduction. This will help consumers make informed decisions about the investment vehicles that they choose.

It was decided to set higher standards for disclosure of charges and obligations. Penalties that apply to various accounts and investment vehicles are also heavier. Moreover, once the act is passed, it will require institutions to clearly disclose this information in all their branches, through the Internet, and also in writing to any individual who requests it.

Some might think that it goes without saying, but these provisions were not yet included in the Bank Act. Since one can hardly be opposed to virtue itself, we will support this measure.

There is a second element in this key objective of enhancing the interests of consumers. It is, as I mentioned, the change made to the regulatory framework to provide for the introduction of electronic cheque imaging. This will allow financial institutions to reduce the hold period on cheques. That is also a change that was asked for.

As for legislative efficiency, I already talked about reducing the regulatory burden for foreign banks and for credit unions. We will have to streamline the regulatory approval process, and provide a more flexible framework for credit unions.

Finally, as regards the other measures, the most important one is, as I mentioned, to increase from 75% to 80% the loan-to-value ratio for which insurance is mandatory on residential mortgages.

In conclusion, as I said at the outset, the Bloc Québécois will support Bill C-37.

● (1235)

[English]

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I thank the member for his commentary and I know of the good work that he has been doing on the finance committee. I tend to agree with him

that the issue of trying to deal with an omnibus piece of legislation which touches 11 different acts related to financial institutions is a very ominous chore, particularly when it is somewhat restricted.

I think there were only three hearing days at committee and even at second reading, the speeches really could not get into some of the detail because one had to go to committee to hear the witnesses to get some of the rationale for some of those key changes.

One of the changes that has been made is to the Cooperatives Act. It has to do with the disclosure of information to consumers about some of their products. I note that specifically, even though there were only three hearing days at committee, the committee itself made an amendment. I did not quite understand why and maybe the member can help.

It has to do with clause 165 of the bill which deals with any account or service that is provided to a customer and that the individual requesting the goods or services shall receive information about all charges. It talks about how the customers will be notified about any increases in the charges and information about how they will be notified or be kept apprised of the association's procedures related to complaints.

That was in the original bill. That remains in the bill as amended by the committee with the following change. It effectively says that the governor in council may make regulations specifying the circumstances under which a retail association need not provide that information to a consumer.

It would seem to me that consumers have a need to know, so that they can make informed decisions. I have not heard an argument yet as to the nature of something that would not be applicable to disclose the fees or the charges, the notification of changes to the terms and conditions about what they got involved in, and also information with regard to complaints which will help the consumer.

I wonder if the member has some recollection as to the discussion which led to the amending of this section and indeed the related section in the Bank Act itself, which gave to the governor in council the authority to make regulations exempting an institution from such disclosure. In fact, I would have thought that the purpose of making the amendments to the act is to respond to the consumers' need to know, and to have full disclosure and accountability with regard to the fees, services and charges that are being levied.

● (1240)

[Translation]

**Mr. Pierre Paquette:** Mr. Speaker, I thank the member for his question. He clearly examined the bill in great detail. It did not generate much debate when it was amended. I believe that this amendment was in fact introduced by the government.

Of course, my recollection may be questionable. I agree with the member that, given more time, we should have done more work on this issue in particular.

In the context of Bill C-37, more flexible measures concerning cooperative credit associations were aimed at facilitating the entry of new cooperative credit associations and at reducing to two the number of institutions that would be required to become a cooperative credit association.

*Government Orders*

Thus, small communities will have the opportunity to put in place cooperative credit associations that will be recognized as long as they have two institutions or two branches. In this case, the regulatory requirements cannot be the same as for a charter bank that has thousands of branches and which manages billions of dollars. This is why the bill was amended to account for some situations where there would be a small number of cooperative credit associations.

Another aspect is perhaps related to this fact. I admit that I would have to take another look at the text. The regulatory requirements for foreign near banks that are present in Canada were also amended so that they would be regulated almost to the same extent as in their country of origin. Once again, these are institutions that may be relatively small.

This is the only reason I can give the member. In some cases, regulations that would be too onerous would prevent communities from putting in place cooperative credit associations as long as there are two institutions. They would not be nearly as large as the Desjardins movement or other credit unions.

I think that we will have to remain vigilant to ensure that there is no abuse in this regard.

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I listened with interest to my colleague's speech on some rather complex issues, which the average person does not deal with every day. The issue of bank mergers is very important, in particular regarding services in the regions, as my colleague pointed out.

For several years now, we have been waiting for the government to have a transparent vision on this. Year after year, the former Liberal government put off this issue and tried to sweep it under the rug, and now the Conservative government is doing almost the same thing.

Could the member tell me what directions the Bloc Québécois wants to take regarding bank mergers? Which approaches have they proposed to ensure that the debate will be democratic enough, given that we are dealing with financial experts and people who know the system?

Our fellow citizens and the business sector are also in contact with the banks. In the regions, we can see that because of the lack of competition, the expected improvements have not materialized, even if the banks have had access in recent years to programs such as SBLs to guarantee loans, measures which shielded them from major losses.

Could my colleague assure me that the Bloc will be vigilant and monitor bank mergers, so that the end result is support for businesses and the development of our regions?

• (1245)

**Mr. Pierre Paquette:** Mr. Speaker, I thank the hon. member for his very relevant question. In fact, I should have included it in the questions to be submitted regarding Bill C-37. That issue is like a sword of Damocles hanging over our heads.

Currently, there is not enough competition on the banking market to allow for mergers, particularly in the case of major institutions

here. This is not to say that it will never happen, but before thinking about merging two of our five largest banks, there will have to be more competition on the market.

A number of laws have been passed so far, but they have not had the anticipated impact, perhaps because they are too recent. So, we just have to wait and see.

Also, not only will conditions be imposed on eventual mergers, but the two or three businesses—I hope there are not more than that—involved will have to demonstrate that it is in the public interest, and not just in their own best corporate interests. Even though banks are private institutions, they remain an essential public service. As citizens in a modern Canadian or Quebec society, we cannot live fully if we do not have a bank account somewhere. Even welfare recipients must have a bank account. So, the state already provides a framework, but we must ensure that the outcome is positive.

The Standing Committee on Finance has already recommended to reverse the onus. Instead of doing what the then Minister of Finance wanted to do—namely to allow banks to merge if they meet some set criteria—businesses that want to merge should demonstrate that such a move is in the public interest.

If we had a Canadian megabank to compete on the international market—our banks are very big institutions in North America—and if that megabank had financial difficulties, what would happen to the Canadian banking system?

This debate is extremely important, and I hope that it is as transparent as possible.

[*English*]

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, I am pleased to participate at final reading of Bill C-37. The bill would ensure that legislation is changed to reflect the Bank Act review.

I have to say from the outset, as we heard repeatedly at committee, that this whole process and the legislation is a major disappointment to Canadians everywhere. We are talking about a fundamental issue pertaining to communities in this country, and that is the right to access community financial service.

We are dealing with a fundamental obligation on the part of our chartered banks. We are dealing with a situation where increasingly Canadians are feeling overburdened by the regulations and the charges of the banks without access to information so that they can make wise decisions.

We are dealing with communities everywhere, especially inner city, rural and northern communities, which are faced with branch closure after branch closure. We are dealing with people in communities who are then left to deal with payday lenders and other fringe financial institutions on a regular basis where, of course, they are subject to astronomical interest charges. We are dealing with people in communities who are left to access their hard earned money through ATMs, automated banking machines, for which they must pay dearly.



*Government Orders*

On every aspect in this whole area of banks and financial institutions, Canadians have not been served well by this legislative process. This is an opportunity we have every five years to review the Bank Act and to make necessary changes to ensure that we keep pace with Canadians' concerns and that we keep pace with changes in new technology.

We have not done that in the bill. We have failed Canadians dismally. Why? How did this happen? Let us start with the fact that by and large the dominant players in this process of review and study of the Bank Act are the big banks, moneyed institutions, and people and organizations with a heck of a lot of power and money.

It is pretty hard in that context for ordinary Canadians, for everyday working families, and for non-profit advocacy organizations to compete in that context. There is no money and support from this government to help balance out the equation. There has been no attempt on the part of governments, whether it is this one or the previous Liberal one, to actually ensure a level playing field to ensure that consumer groups and everyday Canadians could have a say in this Bank Act review process and be equal to the part being played by big banks, big insurance companies and moneyed interests in this country.

As a result, we have before us a very limited piece of legislation that tinkers with the system, does make a few necessary changes, granted, but misses the boat on the most pressing issues of the day in terms of banking and financial institutions.

If there is one shining light in all of this, if there is one silver lining in this process, it is the fact that because of the turbulent political times we are in, the present government and the former government have decided to pull back on their agenda to adhere to the banks' wishes for mergers, both in terms of banking institutions and cross pillar mergers.

It is a blessing that this minority situation we have been in for the last couple of years has slowed down the agenda of big banks and their mouthpieces here in Parliament. This legislation, thank goodness, does not include any reference or any permission to allow for bank mergers, nor does it allow for cross pillar mergers which involves the sharing and the merging of responsibilities around insurance.

• (1250)

That was a fear many of us had. Many small insurance brokers right across this country thought that the banks would win the day and gain control not only of every other area in the financial world but also of insurance, thereby putting out a lot of independent insurance brokers and leading to tied selling and lack of competition. One good thing about this bill is that is not in the legislation. However, that is about all I can say right now on the positive side of things.

What is so sad about this bill is what is missing in terms of the everyday lives of Canadians. There is nothing in this bill to make the banks accountable to Canadians and responsible for demonstrating why the banks deserve \$19 billion in profits this year. We only have to look at the statistics to know that the banks are in a very stable and very lucrative position with better profits than they have ever enjoyed. On top of the huge profits that we see being earned by the

banks, the CEOs of the major banks are being paid exorbitant, unbelievably high salaries.

A recent study by the Canadian Centre for Policy Alternatives documented that the salaries of CEOs at the big banks and big oil companies were so high and out of line that the CEOs could make in a few hours what many Canadians make in a whole year.

That has certainly been revealed to us by the recent decision of the Royal Bank of Canada. By the way, the bank was up 40% in terms of profits this past year. It brought in \$4.7 billion in profits. The Royal Bank gave its CEO, Gordon Nixon, a 25% raise last year, up to \$11.9 million, including a salary bonus of \$5 million. Mr. Nixon receives a salary of \$1.4 million, a bonus of \$5 million and deferred shares and stock options valued at \$5.5 million. That is up from \$9.5 million in fiscal year 2005. The bank also contributed about \$766,000 to Mr. Nixon's pension plan, compared with \$620,000 a year earlier.

Never mind that the CEOs make in a few hours what Canadians make in a year; I think those CEOs make in a year what Canadians could never make in a lifetime.

It would not be so bad if we could actually get some accountability from the banks. That is the purpose of government. That is the purpose of legislation. That is why we are here: to scrutinize legislation to ensure that there is a level playing field and to ensure that Canadians are given some protections. I am afraid we do not find that in this bill.

Before I give some of the critiques of this bill on that front, let me also say that when it comes to the big banks we also know that many of these institutions are moving their money offshore to avoid paying taxes. Let us not forget the studies. I am referring to one that is a couple of years old, but I am sure its findings are still current. It was clearly reported that Canada's top five banks have deprived tax coffers of \$10 billion since 1991 through offshore tax havens. Not only are banks making those kinds of profits, they are moving money offshore so they do not have to pay taxes on it.

And of course they were anxious to make sure that we followed the advice of the Liberals and kept the income trusts alive and well on our agenda so they could have these flow-through entities and not have to pay taxes. Let us keep that in mind as we hear the former Liberal finance minister criticize the New Democratic Party which had the strength of its convictions to stand pat and stand firm and to say from the very beginning that income trusts had to be phased out, that we needed to do everything we could to stop this tax leakage and to close all corporate tax loopholes. This is something that he and his colleagues did not do when they had a chance in government. Despite all the hot air today, we know on what side their bread is buttered and on whose side they stand when push comes to shove.

*Government Orders*

●(1255)

Let us also be clear that the banks have used much of their money to gamble on the international casino stage. Let us not forget some of the endeavours by CIBC and its ties to Enron. Let us not forget some of the scandals that our banks have been involved in. We have seen some of the profits squandered in terms of playing the casino game on the international scene.

I say all of this to make the point that in fact we have to do something as a Parliament to get control over the situation and to hold the banks to account. Reputation is important and the banks know that. I think their response by some of the big banks to our plea for a rolling back of the fees charged to people when they use ATMs is an indication that they realize they have a public relations problem on their hands and that they must begin to deal with it.

In speaking of the need for Canadians to have confidence in the banks, I would like to refer to statements by the Office of the Superintendent of Financial Institutions and to Nicholas Le Pan's statement not too long ago when he said:

There is no other basis for the financial services business than trust and confidence! And that goes to a firm's reputation and why reputation is a zero tolerance risk.

That is the message the banks need to hear from this Parliament. The banks need to be told that they are way beyond the zero tolerance risk level. The banks do not have the trust and confidence of Canadians. They do not have absolute loyalty to the very advantageous position of the banks today. This is what we have to change. That is why we are here. We are here to say that the banks owe it to Canadians to be accountable, transparent and open. There is nothing in the Bank Act and nothing in this legislation before us that requires the banks to do that.

It is interesting that according to the Financial Consumer Agency of Canada, which is authorized under the Bank Act, there are hundreds of violations, but do we know the names of any of the banks that have violated the Bank Act and violated the laws of this country? No. There is no obligation for the banks to come forward. There is no obligation on the part of government to give their names.

Consumers who want to shop around to get the best service available cannot get the basic information to do that. We could get it if we were buying a toaster. We could get it if we wanted to take a vacation. We could get it if we were buying a house. However, we cannot get the basic information to choose a bank. Canadians cannot get the information they need to make a wise decision—

**Mr. John Cannis:** Why?

**Ms. Judy Wasylycia-Leis:** —because in fact the Bank Act is not written to ensure transparency and accountability to Canadians.

I see there is some curiosity on the part of my colleagues across the way. Let me tell them what we tried to do at the committee that was studying Bill C-37. In order to get some accountability from the banks, we moved a motion suggesting that there should be publication of the names of the banks that violated the consumer provisions of the Bank Act. We were not allowed to do that. Supposedly it was beyond the scope of the bill.

I must say that outside of an amendment from the Bloc around equity in community reinvestment and a few technical amendments from the Conservatives, the rest of the amendments came from the New Democratic Party. The two hours spent debating and amending the bill were primarily focused on the 30 or so amendments that I put forward. Not one was put forward by the Liberals, not a single amendment, not a single recommendation to change the Bank Act. Nothing. Nada.

●(1300)

Yet the former minister of national revenue, presently the Liberal finance critic, stands up in the House and lambastes the NDP for what? For doing our job. For devoting time and energy to study a piece of legislation.

Or is it still a sore point around the income trusts and the fact that we did our job when the Liberals were in government? When the Liberal government would not answer for the suspicious stock market activity on November 23, 2005 we asked the government to do something about it. We asked the government to investigate. It would not.

**Mr. John Cannis:** You asked the RCMP.

**Ms. Judy Wasylycia-Leis:** Excuse me, Mr. Speaker. There is a Liberal cat calling suggesting that we asked the RCMP. We did, but not until we asked the Liberal government to take this seriously. When the Liberals refused, we did the obvious thing, the only thing available, something that those Liberals would do today, which would be to ask for an investigation.

**Mr. John Cannis:** There was no government.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, yes, I guess we could say there was no government. The Liberals were acting as though they were not a government at the time.

●(1305)

**The Acting Speaker (Mr. Andrew Scheer):** Order. I would invite all hon. members to hold off until the questions and comments period when they will be free to ask the hon. member for Winnipeg North anything that they would want to on this. I would ask for a little bit of patience. She only has about four minutes left, so we will wait until questions and comments.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, let me go back to talking about the job we are doing here in Parliament trying to make Parliament work, something that the Liberals do not seem to yet grasp after their short term in opposition. I guess they still think they are entitled to govern.

We called for the elimination of bank ATM fees. We could not get it.

**Mr. John Cannis:** Why?

*Government Orders*

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, the member asks why. I guess we will save that debate for another day and we will show the Liberals some Canadians who are struggling daily to make ends meet. They are finding it hard to actually pay anywhere from \$2 up to \$6 every time they want to take out \$30 or \$40, because they do not have access to a bank and are forced to go to an ATM, and if not an ATM, a payday lender where they pay a much higher amount.

We asked for mandatory disclosure of ATM fees. We could not get the committee to agree to eliminate or reduce the fees, so we just asked for disclosure. Guess what the Liberals did. They voted against disclosure. They voted against Parliament asking the banks to disclose their fees to use an ATM. Could someone explain that to me?

We asked for public accountability for proposed bank branch closures. We asked that the banks provide some proof that a bank branch was not profitable, some display of the numbers, some reasons, some discussions with the community. Guess what. It was defeated. By whom? By the Liberals, by the Bloc and by the Conservatives.

We asked for disclosure of security breaches leading to identity theft. Guess who voted against that. The Liberals, the Bloc and the Conservatives.

We asked for adherence to international standards in handling consumer complaints. It was defeated by the usual guilty suspects.

We asked for publication of names and events violating the consumer provisions of the act. It was not allowed.

We asked for increased penalties for banks for violations from \$100,000 to \$500,000. It was defeated, despite the fact that in telecommunications the fees for violating the laws are more like \$15 million. Those members could not agree to \$500,000.

We did win one and that was that government shall require banks to hold public meetings when they are planning bank closures, not may, but shall. That was a small victory for the NDP after many attempts.

We have so much more work to do on this front. We have issues pertaining to community reinvestment, electronic payments, credit cards and simple access to information to make the way through this maze of new technologies and systems. We will keep doing that.

I hope at some point we will get the support of other members of Parliament. This is very important to Canadians. Fundamentally we are talking about the right for all Canadians to access financial services where they live in whatever part of the country and whatever their background.

**The Acting Speaker (Mr. Andrew Scheer):** I am a little bit hesitant to give the floor to the hon. member for Scarborough Centre. I thought he may have asked all his questions during the member's speech, but I will allow him to ask one now.

**Mr. John Cannis (Scarborough Centre, Lib.):** Mr. Speaker, the member for Winnipeg North asked that there be public consultations when bank branches close. I will give the member some of my personal experiences but I will not name the bank because it would not be proper.

At least a decade ago, when closures and consolidations were taking place, I spoke with bank officials. Community members were brought in and we discussed the matter. The bank was very public and open before it closed.

What she is asking for now, when it was brought to the attention of banks years ago they did it. I am not here to speak for the banks but I am also not here to bash the institutions.

The member said that banks were paying exorbitant salaries. Who is she to tell these businesses how much to pay their people? It is irrelevant. We should let the public choose.

The member said that when people go to an ATM machine they are charged \$5 or \$6 to take out \$30 or \$40. I think that is an inaccurate statement. I use ATMs and I am charged a fee of \$1.50. If I do not want to pay that fee, I go to my own branch's ATM. If I find myself somewhere where I need some money unexpectedly, I choose to use an ATM. If I do not wish to use it, I do not. However, I believe I pay a fee of \$1.50 and she quoted \$5 or \$6. Her statement not only misleads Canadians but it adds fuel to the fire, which is not fair to the average Canadian. I would ask her to correct that if she will.

● (1310)

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I would refer the member to *The Globe and Mail* article of a couple of days ago which had the full chart of ATM fees. He will note that I said up to \$5 or \$6, which is the maximum fee for accessing one's own money through a private ATM. The fee ranges from about \$1 for accessing an ATM at one's own bank to a higher rate for accessing a competitor's ATM and then to a maximum of \$6.15 if one were to access a private label ATM. The member can check the facts. I certainly will not apologize for giving the actual facts to the House.

With respect to the question of closures, I am glad to hear that the member had this experience with a bank and that he is happy with the fact that the bank proceeded to close. Some of us come from areas that have seen all bank branches close. In my area of Winnipeg North we lost 10 bank branches in the space of the last six or seven years and the community fought each one of them. The community went to the bank in each case. We rallied and worked together. We protested, we met, we called and we signed petitions. We did everything possible to convince those banks to stay or to at least prove that they were not profitable. We could not get the financial statements nor could get the information to know the actual situation. We could not force one bank to stay.

When the last bank closed a few years back, which was CIBC, we managed to convince it to give a bit of money to study an alternative financial services centre and managed to get the bank to sell its building to the community for \$1.

*Government Orders*

The community rallied. My community felt that they had been loyal to their banks for many years and if the banks could not in turn be loyal to them, they would do it on their own. In November of last year, the Alternative Community Financial Services Centre was opened in my constituency of Winnipeg North as a result of the community coming together, working with the credit union movement, the Assiniboine Credit Union, SEED Winnipeg, the United Way and a number of organizations that realized the importance of every community having some sort of banking presence. This was a very successful victory.

We are now working hard on trying to bring regulations over payday lenders because that is what we have been left with.

What we are trying to say in this review of the Bank Act is that with \$19 billion in profits, there is no way in heaven's name that banks should be closing bank branches arbitrarily and paying their CEOs that kind of money without some accountability to the community. If the member does not understand why we are here, what our role is as an MP and what Parliament does, it is to ensure that Canadians have some access to justice and fairness.

[*Translation*]

**Ms. Louise Thibault (Rimouski-Neigette—Témiscouata—Les Basques, BQ):** Mr. Speaker, I was pleased to hear my colleague tell us about the gigantic profits of banks, the huge and out of line salaries of CEOs and their friends, the use of tax havens by banks—which is essentially tax avoidance—and, finally, an issue that is dear to my heart, namely territorial inequity.

She talked about territorial inequity by raising the fact that citizens from rural areas pay the price for branch closures and lack of services, which is even more outrageous when preceded by the comments that I made about what the member said.

I would like to have her opinion on community reinvestment, if she has the time to tell us about that.

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, I thank the member for her question. It is very important to talk about alternative proposals with regard to this issue.

I will continue in English, because I lack many words on this subject.

• (1315)

[*English*]

I want to thank the Community Reinvestment Coalition, the Canadian Consumer Initiative, the Consumers Association of Canada, the Public Interest Advocacy Centre and Democracy Watch. Those are all the organizations that came to our committee with alternatives and with suggestions.

I also want to commend the Bloc for bringing forward an amendment dealing with the community reinvestment legislation. This is, interestingly, legislation that exists in the United States. It requires banks to actually invest in their communities, to put back into the communities the money that they received as a result of client and consumer loyalty. It is key to this notion of rebuilding communities by involving the banks and financial institutions and ensuring that we have the provisions to give everybody in our society the ability to play a role and make a difference.

I would like to commend the Bloc and everyone who takes up this mantle of the community reinvestment act. I know we did not get the legislation through at committee but I hope that some day we will get this legislation in this country. It is not often that we use the Americans as an example of doing something positive but in this case the legislation works. It ensures that banks have some commitment to give back to their communities and it provides for necessary community economic development.

One of the reasons we were so excited in Winnipeg when we got the alternative services up and running is that it allows low income earners to get help with setting up bank accounts, saving money and budgeting. It also provides some cheque cashing arrangements without having to go to usurious payday lenders and it has some micro-lending capacity.

It is a very exciting initiative and the first of its kind in this country. I look forward to the day when we can see this kind of notion spread across this country. I hope some day the banks come back to this notion of community investment and working with community groups to build strong, self-sufficient families and communities.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the member talked a lot about accountability, transparency and openness. She spent a lot of time in her speech advocating for saving ATM fees, \$1 to \$6, for those who cannot afford them.

How can she be an advocate for transparency, openness and accountability when she and her party are supporting the government on the taxation of income trusts, which steals \$25 billion away from the value of the investments of Canadians, mostly seniors and those living on their retirement incomes? These trusts are their nest eggs.

How is it that the member would have the duplicity to come to this place and say that she is a champion of accountability, transparency and openness and turn around and stab seniors in the back?

**Ms. Judy Wasylycia-Leis:** Mr. Speaker, we would not be in this situation today if the Liberals had taken this issue seriously when they were in government.

We know that over a a dozen years the Liberals were warned that they had to deal with the growing problem of tax leakage because income trusts were taking on a certain dominance in the investment sector. In fact, just before the 2006 election, the minister then was in the middle of a consultation process, which was cut short because of the looming election, and probably therein lies the difficulties they faced consequently.

However, the real issue here for seniors and Canadians everywhere is the potential loss of over \$1 billion annually as a result of corporations using income trusts for a tax advantage. That had to be stopped and the Liberals know it. It is time they declared their position.

*Government Orders*

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, on behalf of my constituents of Don Valley East, I am pleased to address Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters.

Canada is somewhat unique in the sense that all federal legislation relating to financial institutions is subject to a sunset clause and must, therefore, be reviewed every five years by law. This has the effect of making Canadian financial institutions more efficient by keeping up with rapid changes in technology and the variety of services which arise from new technologies.

As the hon. member for Markham—Unionville has indicated in the House, the main content of Bill C-37 is largely based on the white paper commissioned by the former Liberal government in preparation for the statutory review of the Bank Act.

One of the aspects of this bill that I approve is the provision for an increased disclosure regime that would provide Canadian consumers and businesses alike with the information they need in order to make the most informed investment decisions possible. Bill C-37 would ensure that the savings products disclosure regime is just as effective for the millions of online bankers as it is for branch customers.

Strong competition and information disclosure are two of the best tools available to ensure that Canadian consumers' needs are being served well by our financial institutions. On the disclosure front, however, I am disappointed that the Conservatives have ignored one strong suggestion from the white paper regarding the complaint process for financial institutions.

I imagine that many Canadians are not very familiar with what the complaint process is at their local banks. Legislating that information with respect to the complaints process be readily available would have been a good idea.

I am willing to bet that there are a good number of Canadians who do not even know that there is an ombudsman for banking services should they exhaust all venues available to them. However, the ombudsman for banking services and his office do fine work and I would like to have seen a requirement for information about his service be made readily available.

Canada's mortgage loan insurance threshold would also be changed by this bill. Currently, any homebuyer who provides less than a 25% deposit is required by law to ensure that a mortgage through the Canada Mortgage and Housing Corporation or similar private sector providers will be able to attend to this.

Bill C-37 would reduce this minimum requirement of 25% to 20%, allowing more Canadians to secure a home mortgage without having to pay the additional costs of mortgage insurance. Obviously it is sensible to have some sort of legal threshold under which Canadians must purchase their mortgage insurance. During the Mulroney years of uncontrollable inflation, it was far more than sensible. It was both prudent and necessary.

After decades of strong Liberal leadership, however, this country is enjoying both low inflation and record low unemployment rates. As a result, it is more important than reasonable to reduce the minimum deposit that Canadians must have in order to secure a mortgage without insurance.

I would also like to say that from the outset Canadians must place their trust in government to provide adequate consumer protection. Last year, however, the Conservative government shocked the nation with a devastating announcement that brought a key election promise.

On October 31, the Conservative government dropped a bombshell on Canadians by imposing a new tax regime on publicly traded income trusts. The effect on Canadian markets was devastating, resulting in the permanent loss of well over \$20 billion in wealth, most of it at the expense of Canadian seniors who were relying on income trusts for day to day living expenses.

● (1320)

Worst of all, Canadian investors were lured by a Conservative election promise made by the current Prime Minister. In the middle of the last election campaign the Prime Minister said, on December 9, 2005, "A Conservative government will never raid seniors' nest eggs by taxing income trusts".

Canadian investors took the Conservatives at their word and put more and more of their life savings into income trusts, making this the fastest growing sector on the market, all until the Prime Minister broke his word to Canadians. Sadly, Canadians are learning the hard way. The Conservatives are more than willing to betray election promises without any regard for the damage done to thousands of seniors who worked hard for their life savings only to have it wiped out with the stroke of a pen.

This is a sample of one of many letters and emails that I received from my constituents of Don Valley East. It states:

The damage done to the value of my investments in income trusts is devastating. I have incurred a 20% decline in value. It is my sincerest wish that an election will be held in the very near future and that the majority of Canadians will not re-elect your party. This is a very sad commentary and one I wish was not necessary to write. However, I have definitely lost my confidence in your party's approach to fair treatment of its citizens, particularly seniors of which I am one.

The current Prime Minister knew how much seniors were depending on income trusts and yet he was determined to break his word. With one hand the government has swiped billions from seniors through their income trust savings and with the other offered very little in the form of income splitting. In fact, some have construed this pension splitting to be income splitting. It is not.

Pension splitting will do little to curb poverty among seniors and even less to alleviate the huge losses they have suffered as a result of the Conservatives' broken election promises. Hundreds of thousands of single seniors, the majority of them women, will not see a penny from this policy.

*Government Orders*

I am pleased to support Bill C-37 at this stage. I am glad to see that the Conservatives are continuing to implement the Liberal agenda on so many fronts. It is, after all, the same Liberal agenda that saw Canada make a complete economic U-turn after years of Conservative fiscal mismanagement. It was not long ago when the *Wall Street Journal* referred to Canada as a third world economic basket case because of the damage done by the previous Conservative government.

Thank goodness the Liberal Party was able to come to power to eliminate Mulroney's \$42 billion deficit, balance the books for eight straight years, while offering Canadians the biggest tax break in Canadian history.

I sincerely hope that Canada's alleged new government will continue to use our ideas to their fullest and can refrain from returning to the dangerous incompetencies of the previous Conservative government, which was so damaging to Canada's economic well-being.

• (1325)

**Mr. Ken Epp (Edmonton—Sherwood Park, CPC):** Mr. Speaker, the member made the same error that previous Liberals made when she tried to attribute the debt and the deficit to the Conservatives. First, I will state my credentials. I am a math type guy. One of the things I learned was some math and finance. It is a very elementary computation, which we have all heard, called compound interest.

Let us take the debt in 1984, which the Conservatives inherited from what the Liberals had done in the previous 14 years, from 1970 onward, and set it aside. When the Conservatives were defeated and the Liberals took over in 1993, that debt, by plain, simple compound interest, would have grown to the amount that it was in 1993. I do not know those numbers in my head right now, but I remember having computed it because I was challenged on that fact. It turns out that at the going interest rate, this is exactly what happened.

The debt we still have is the heritage of those years under Trudeau. When Mr. Jean Chrétien was the minister of finance, he had record breaking deficits. That is what drove us into debt in the first place, and we are still suffering from it all these years later.

The Conservatives, on the other hand, put some measures into place to try to address that. When the Liberals came back to power in 1993, those measures were in place and they were able to address the issue, and we were very glad they did. In the Liberal way, they could have found new ways to squander the money again. We are glad they did not.

• (1330)

**Ms. Yasmin Ratansi:** Mr. Speaker, I am an accountant by trade and economics is my forte. If what the hon. member is saying represents his party's position, then we are in a real bad turn. We are going to go into a deficit because they do not know economics at all.

In good economic times, if we cannot balance the budget, if we keep on giving eight consecutive deficits, how can we do anything in bad economic times? The economy that the Liberals inherited was devastated. We were called a third world country, a basket case. If the Conservatives were such good economic managers, why could they not turn the ship around?

We inherited \$42 billion in deficit, \$500 billion in debt and we were able to manage. We also gave the Conservatives \$13 billion in surplus. They cannot beat that record and we do not want the country to go into deficit again.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, the NDP spokesman came before the House to deal with the bill, but then proceeded to talk about a range of other things, which I suppose now is relevant to the debate. One of those issues has to do with the fact that the finance minister, when he presented information before the committee, turned out to be no information.

On the matter of income trusts, Conservatives still have not explained where they got the tax leakage. They still have not responded to the expert witnesses about the flaws in the methodology of computing the tax leakage. That is not transparency, openness and accountability, upon which this bill rests.

I raise the matter for the member's comment. Have we seen with this bill, which only received three hearings days and a few hours of debate in the House, a bill dealing with 12 different acts, a comprehensive enough review for a process which is transparent, open and accountable?

**Ms. Yasmin Ratansi:** Mr. Speaker, something which I find quite unethical is the behaviour of NDP members in this, especially in the area of income trusts. They have made spurring allegations, they have spoiled reputations and yet they do not have the courtesy to apologize. They have to apologize for the leakage, for getting the RCMP to do things, when they knew full well. They spoiled the reputation of the former finance minister. Even more galling is the NDP went to bed with the Conservatives and destroyed everything that was so important to Canadians such as the Kelowna accord, the child care agreement, Kyoto, the Status of Women. They then claim to be advocates for small people. They claim advocacy and transparency. I do not believe it. They are duplicitous.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, the banks are given the exclusive monopoly for a variety of very lucrative financial transactions such as credit card exchanges, cheque cashing, et cetera, in exchange for providing basic services to all Canadians. That is the nature of their charter. A lot of people do not realize that there is some reciprocity and some obligations there.

I would like my colleague's views on this. In my riding of Winnipeg Centre, the five big chartered banks have closed 15 branches in the last five years. Neighbourhood banking, as we used to know it, is gone, leaving a service vacuum that is being backfilled by ripoff payday loan artists, pawn shops and fringe banking of every variety. These payday lenders are like a scourge in my community. They are sucking the life right out of my community, in a financial analogy, because they are preying on poor people who are being denied basic financial services by the big banks.

*Government Orders*

My colleague finds fault with the comments of my colleague from Winnipeg North Centre, who is experiencing the exact same circumstances as I in Winnipeg Centre, where banks are completely abandoning their obligation and duty to provide basic financial needs. I do not understand for whose side she is advocating. I do not understand why she is being critical of my colleague, the finance critic for the NDP. We are simply pointing out that the general public needs some representation in the House of Commons when it comes to the service they get from the big banks.

I really have to wonder whose side members opposite are on sometimes. The banks have plenty of apologists. They have apologists coming out of their yin-yang from both business parties. Only one party has been trying to advocate on behalf of the end user, the consumer who is not being served well by the banking system and by the big banks. The big banks have a lot to answer for.

In the Bank Act it specifies under what circumstances banks may close branches. The tests, when we read them on the face of it, are quite high. They cannot close branches because they are not profitable. They have to view their profitability overall, and their profitability is not wanting with a \$19 billion surplus. Profitability is not justification for closing a bank branch. They then have to provide alternate subsequent services to those long term clients to keep up their end of this trust relationship that they enter into with Canada.

Does my colleague agree that the Bank Act should be strengthened to curb banks from abandoning small town Canada, inner city Canada? Does she also agree that if the banks continue to disregard their obligations under their charter, we should tear those charters up? We should scrap the idea of chartered banks. Botswana did it. It kicked them out, left it open to competition and let the chips fall where they may.

• (1335)

**The Acting Speaker (Mr. Royal Galipeau):** The hon. member for Don Valley East should know there is half a minute to respond.

**Ms. Yasmin Ratansi:** Mr. Speaker, I share some of the concerns. There are guidelines. There has been no amendments to the consumer protection area. There is the ombudsman aspect of it, where they can go. In my riding if the bank tries to close, it merges its two branches together and there is consultation. That is the answer I can give in half a minute.

[*Translation*]

**Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ):** Mr. Speaker, I am very pleased to speak today to Bill C-37. This bill is the mandatory review that is provided for regarding the operation of the banking system. Every five years, we have to review that piece of legislation to try to make it as functional as possible and to adjust it to changing technology. The Bloc Québécois will therefore be voting for the bill, because even though it is not perfect, it does contain significant improvements.

First, Bill C-37 institutes mechanisms for disclosing information to consumers, so that they will be able to make informed choices regarding the banking services they use. We all know that, historically, banking services have not always been models when it came to providing information to consumers. People did not find it easy to understand and it was very difficult to compare one bank to

another. There are improvements in the bill that will allow people to get this kind of information, and this is a benefit for consumers.

Second, the bill will establish the regulatory framework to allow for digital data to be used in cheque processing, which will reduce the time that cheques are held by banking institutions. A new technology has been adopted, and this means that a cheque will be frozen in a banking institution for less time. This provides a benefit for the consumer and an important benefit for small and medium-sized businesses, which often have to wait until a cheque is released before it becomes available and can be cashed. It will facilitate both business operations and everyday management of family and individual budgets. In this respect, it is a practical application of a technology.

Third, the bill will reduce the regulatory burden for foreign banks, credit unions and insurance companies, to make the regulatory compliance mechanisms more efficient. For example, credit unions that have fewer people and that apply to do this will be recognized. As for foreign banks, the aim is for there to be more competition because a lack of competition is a problem in the Canadian system. In regions like the one I represent, bank branches have disappeared, one after the other, in recent decades.

At present, I can tell you that the Desjardins movement is represented, as is the National Bank of Canada and a few other banks, but those institutions cover huge geographic areas. The way that the rules about loans to businesses or individuals are applied, for example, increasingly fails to take the local situation into account and is increasingly often no more than a mathematical financial calculation. From that perspective, even the disappearance of the banks has an effect on how credit unions operate, because the banks' focus on profitability at any cost has prompted the Desjardins movement, for example, to review its structures with a view to that fact.

We have to find solutions to the lack of competition, solutions that may lie in providing foreign banks with market entry conditions that enable them to offer services so that ultimately the consumer wins. This should be done, on condition that appropriate operating rules are obeyed and also that we ensure that in terms of employment spinoffs, jobs are not simply being exported abroad. On that point, the amendments in the bill are acceptable, and are even attractive.

Fourth, the bill aims to amend the rules governing mortgage loans, thereby enabling more people to take advantage of that financial tool. A previous amendment has already increased the percentage that could be obtained without an insurance guarantee. This bill aims to increase it to 80%.

*Government Orders*

Lastly, the government is increasing the equity threshold from \$1 billion to \$2 billion, thereby making it possible for a single shareholder to wholly own a bank, and thus encouraging new competitors on the market. I mentioned that earlier. We need to ensure greater competition. This measure aims to move forward in this area.

The Bloc Québécois wants to ensure, however, that the amendments to the regulations do not allow the kind of uncontrolled mergers and acquisitions we have seen before in the banking sector. I have been a member of this House for about 12 years and we have seen all kinds of situations in terms of bank mergers. Under the former Liberal government, during my first few years as a member here, there was greater willingness to allow this. Systematic opposition from the Bloc Québécois, other parties of this House and civil society made it possible to ensure that there were no uncontrolled mergers and, that, at the end of the day, there were no fewer intervenors.

Canada currently has five major banks. If that number had decreased to only two, clearly, there would have been less competition. If we do not open the market up externally at the same time, we would be creating a duopoly, and we certainly do not want that to happen.

• (1340)

While the committee was studying the bill, we wanted to make sure that we continued to look at this issue to avoid unrestrained mergers.

Speaking of mergers, we demand that any amendment to the moratorium on bank mergers be made in the best interest of citizens, not just to make the financial markets happy. There is an unfortunate tendency in this sector to see this activity as being the sole province of economic players, but clients, consumers, citizens, have the right to know how these things work. We must ensure that the mechanism gives everyone a fair chance and that we have a stable, structured system that fosters real competition. In that respect, the Bloc Québécois will ensure that the committees hear all relevant witnesses so they can make good recommendations.

That, in a nutshell, is the Bloc Québécois' analysis of this bill.

I would also like to talk about promoting consumers' interests by improving the information disclosure regime. A lot of progress was needed on this issue. For example, institutions will be required to clearly disclose their information on the Internet, in all branches and in writing to anyone who asks. This is a major change to the way banks do things, a change that we applaud. We hope that this will come to pass and that the banking system will become more democratic.

We also want to change the regulatory framework to enable the implementation of digital imaging. The legislative framework must therefore allow digital imaging in order to facilitate the cheque cashing process and to reduce the length of time banking institutions can hold cheques, as I mentioned earlier.

We must also reduce the length of time banking institutions can hold cheques directly, because following the publication of the 2006 Financial Institutions Legislation Review, the government promised to reduce the cheque holding time to make life easier for SMEs and

other citizens. Bill C-37 gives the superintendent the authority to limit the length of time for which cheques can be held. We will see how that works out in practice.

The white paper proposed an immediate reduction of the maximum hold time to seven days, and to five days once the digital cheque imaging system is in place. We will see how this works.

Cheque holds affect not only consumers who need to have access to those funds to pay their bills, but also small and medium businesses that must pay their employees and keep the business operating out of the funds they deposit.

There are currently cash flows because of how quickly businesses are operating and because of the introduction of just-in-time systems. Financial flows need to be just as quick. In that sense, the improvement to the bill should help businesses.

The government wants all users of the payments system—including consumers—to benefit from the increased efficiency resulting from the Canadian Payments Association initiative that involved changing the payments system to facilitate electronic imaging of cheques. These changes must do more than just improve profits. We must ensure that the services are adequate and that the savings are passed on to the consumer.

The second objective is to increase legislative efficiency by lightening the regulatory burden on foreign banks so as to facilitate their access to the Canadian market and stimulate competition.

Competition exists. However, certain problems were raised concerning the regulations governing foreign banks. This bill aims to clarify the measures applying to foreign banks operating in Canadian territory by refocusing the regulatory framework on the chartered banks and simultaneously excluding the near banks.

The near banks are companies that offer banking-type financial services. Unlike chartered banks, near banks cannot change their basic money supply, that is, they cannot borrow money from or lend money to the Bank of Canada to make new deposits or new loans.

Still in the same section, a second measure aims to improve legislative efficiency and streamline the regulatory approval regime. We want to ensure that decisions that do not impact public policy, as provided for in the legislation, are in the hands of the superintendent.

• (1345)

In the opinion of the Bloc Québécois, the minister must not be permitted to depoliticize operations that will have an impact on public policy. We have to make sure that the minister continues to assume his responsibilities. Given the current practice of the Conservative government of not wanting to intervene in the economy, such a caution is quite justified.



*Government Orders*

The bill also relaxes the federal framework governing credit unions. For example, in order to facilitate the opening of new credit unions, the government would lower to two the number of institutions required to constitute a credit union. At present, a minimum of 10 credit unions is needed to establish an association under the Cooperative Credit Associations Act.

Still, in light of the new commercial possibilities offered by retail associations and ongoing consultation in the cooperative credit system, the current entry threshold is too high. This is why the amendment corresponds to the market reality, which seems to be an advantage. This would increase this sector's ability to adapt to new developments and better serve consumers and SMEs.

The third objective of this bill would increase from 75% to 80% the loan-to-value ratio for which insurance is mandatory on residential mortgage loans. This ratio was set over 30 years ago. It is a cautionary measure designed to protect lenders from fluctuations in property values and payment defaults by borrowers.

The last time this ratio was changed was in 1965, when it was raised from 66% to 75%. But the marketplace has changed since then. Lenders' risk management practices have improved, risk-based regulatory requirements concerning capital have been implemented and the financial markets have changed and stabilized.

Finally the supervisory framework for federally-regulated financial institutions has been strengthened. So it seems that the restriction no longer plays the same role with respect to caution. A cautionary provision requiring borrowers to take out mortgage insurance at a loan-to-value ratio set at 75% might mean that some consumers are paying more than necessary for their mortgage.

The second part has to do with readjusting the equity thresholds, which would allow sole ownership or to force wide ownership. They also want to increase, from one third, the minority limit on the number of foreign directors on the boards of Canadian banks. There is an array of measures, therefore, intended to make the banking system work better.

As I said at the outset, my fellow citizens and the electors in my riding are very concerned about the availability of bank services. The banks have undertaken some major offensives over the last few years and have invaded the insurance market, for example. The insurance brokers came up with a strong response to show us what a negative effect this would have had on regional development.

The Bloc Québécois believes that this bill, generally and overall, improves the way the bank system works.

Obviously, there are still some basic questions. However, in view of the fact that the act will have to be reviewed within five years and the government has already offered an additional six-month period ending April 24, we should definitely pass this bill and hope that ultimately the government will listen to what the Bloc has to say. We will continue to monitor these matters.

I want to conclude with the question of bank mergers. This is an area where the federal government's actions have lacked transparency over the last few years. They have gone back and forth and even hidden a document for a few months on the pretext that since

we have a minority government, it might have been damaging to make it public. In the meantime, life goes on.

I think that it is good to have an open public debate in a sector like this. We should take a global view now of the measures we are taking and the corrective steps we want to take, to ensure there is genuine competition and we do not just end up creating duopolies.

Foreign banks can come and compete, just as the Canadian banks can make foreign purchases. Globalization in itself is not a bad thing, but we need to ensure that it is done in a way that leaves us winners.

• (1350)

The federal government has often neglected to use all the tools at its disposal, including the safeguards enabling industrial sectors such as the apparel and textile industries to protect themselves, to have a transition period. This was not done in these industries.

With regard to Canada's banking system, which has grown along with Canada, it is solid but it must adjust to new global realities. It must be given the requisite opportunity to serve consumers adequately. In this regard, there are still improvements to be made in terms of the transparency of information available.

I am anxious to see whether or not the clauses of this bill that pertain to disclosure of information to consumers, will be applied correctly and if the banks will provide the maximum amount of information. In the end, the Bloc Québécois will be able to see whether or not results are achieved.

In any event, this is an on-going process. We will have to re-examine this legislation to ensure that it always reflects the market reality. However, at present, the Bloc Québécois thinks it is a good thing to vote in favour of this bill, which makes certain improvements to our banking system. We hope that the banking system will be of benefit to our entire economy and that, in particular, it will address the lack of service in areas outside of major centres, in the rural areas of Quebec and Canada. In this regard, the banking system needs to pay more attention to our citizens.

*Statements by Members*

● (1355)

*[English]*

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, this particular bill amends some 14 acts and I believe there are some 450 amendments to a variety of these bills. Interestingly enough, there were a few hours of debate at second reading and three hearing days in committee where witnesses came forward to talk about some of the aspects of the proposed changes. There were a handful of changes made at committee and now we are going to have another few hours of debate. This happens every five years.

I am not sure whether the member agrees, but it would appear to me from the debate so far that a number of issues have been raised by members that are beyond the scope of this bill. There was no opportunity to have consultations with parliamentarians on behalf of their constituents to talk about issues relating to things like bank mergers, more information for consumers, foreign banks, and small and medium sized business loans and their impact.

There are so many issues that come up when we talk about this and yet it is almost impossible to deal with a 230 page act and 450 amendments. If we do not have the acts that they in fact amend, everyone will understand how difficult it is to even follow the document. We have to rely so heavily on others.

My question to the member is whether there should be consideration given to changing the way in which we view the amendments to the Bank Act and other financial institutions, so that all of the other kinds of items and the full exploratory discussions can take place so there can be influence on the content of the amendments coming forward to Parliament for discussion?

*[Translation]*

**Mr. Paul Crête:** Mr. Speaker, I listened with interest to the comments made by my colleague, and I think that some action can indeed be taken. First, as members of Parliament, we must be aware that the act is reviewed every five years and that we can start again, as soon as tomorrow morning, to make some contacts and make proposals to the government.

Instead of waiting four and a half years or almost five years to undertake the review of the act, the government would be better to do so rapidly after three years. We should ask the committee to study the issues and we should give ourselves some extra time, so we can study the situation as a whole.

I agree with my colleague that many constructive proposals come from witnesses and members of Parliament. What we find in this bill are the main technical points that were agreed to so that the bill would pass here without confrontation. Indeed, we are very close to the limit and the original five-year deadline to review it, as provided in the act, has expired.

We should give ourselves this responsibility because there are important issues, such as mergers, information for consumers, new markets and foreign banks. These are realities that will change every six months in coming years. We should not wait five years before making proposals for the new reality.

I would invite the hon. member, as well as all members in this House, to work on this as soon as possible, so that all our fellow

citizens are aware that this is an evolutionary system and that, if constructive proposals are made, we will be able to change the system accordingly. To this end, we must break through the indifference that we see sometimes in our constituents towards the possibility of influencing our action. I think that this is a concrete example of this possibility.

**The Acting Speaker (Mr. Royal Galipeau):** We will now go to statements by members. When the study of Bill C-37 resumes in the House, the member will have six minutes left for the period of questions and comments.

**STATEMENTS BY MEMBERS***[English]***CN RAIL**

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Mr. Speaker, when CN Rail workers took strike action recently major employers in my riding were forced to face critical decisions. Important supplies and raw materials normally received by rail for their operations could not reach them.

Mr. Jim Vena, the vice-president of CN's Champlain Region, which includes my riding, and his general manager Tony Marquis and his team took action for our companies.

This crew managed to find us trains where there were none to be had and their team also found wayward railcars moving from the United States and the west.

I am very grateful to Jim and Tony, and to the other CN officials who helped ensure that the impact of this labour action was far less than we had feared. We sincerely appreciate their efforts.

We also hope that this labour dispute soon comes to a positive conclusion. I encourage all union members to return to work and cast their ballots on the interim agreement.

\* \* \*

● (1400)

**GASOLINE PRICES**

**Hon. Gurbax Malhi (Bramalea—Gore—Malton, Lib.):** Mr. Speaker, the recent increase in the price of gas and the shortage of fuel available to gas station outlets and consumers are having a deep impact on the most heavily populated and diverse part of Canada, the GTA, which is also the economic engine of Canada.

What makes the government inactivity on this issue even worse is the fact that these outrageous prices and shortages are happening during the winter.

This government boasts its close ties to the Canadian oil industry, while it also claims to act in the best interest of average, hard-working Canadian taxpayers.

If the government truly wants to live up to this claim, I strongly urge it to take immediate action to remedy this dangerous situation before Canadian industries and working class Canadians are hurt any further.

*Statements by Members*

[Translation]

**GAÉTAN INNES**

**Ms. Diane Bourgeois (Terrebonne—Blainville, BQ):** Mr. Speaker, today I would like to salute a citizen in my riding who has been helping troubled teens for more than 10 years.

Over the years, Gaétan Innes, a street worker in Terrebonne, has been a friend and confidant to those who are far too young to become homeless.

Mr. Innes is very involved in his Les Moulins community. An outstanding model of courage and altruism, he represents hope for these young people who are facing difficulties that seem insurmountable. My Bloc Québécois colleagues and I salute Mr. Innes, who is fighting for the rights of the homeless, and we want him to know how proud we are to be representing him in the House of Commons.

\* \* \*

[English]

**ABORIGINAL AFFAIRS**

**Mr. David Christopherson (Hamilton Centre, NDP):** Mr. Speaker, tomorrow marks the first anniversary of the Six Nations land claim dispute in Caledonia. This situation has caused tremendous hardship and upset for all the people involved.

The root of this problem is the chronic buck-passing between the federal and provincial governments. Even the federal fact-finder, Professor Michael Coyle, said that a solution will not be possible until the federal Conservatives and the provincial Liberals resolve their own differences over land claims.

Recently, Professor Coyle said that the existing process offers no adequate mechanisms for resolving the disagreement. Intergovernmental squabbling will not get the job done. It will not settle this claim and it will not heal this community.

The Canadian Constitution makes it clear that the federal government has the sole responsibility for dealing with land claims. A successful conclusion rests with the federal government and the Conservatives have not been up to the job. They did not get it done.

It is the lawful, moral and ethical duty of the Conservative government to end this nightmare, so that peace can return to all the people of Caledonia. One year is one year too long.

\* \* \*

[Translation]

**JEAN-MARIE GUAY**

**Mr. Luc Harvey (Louis-Hébert, CPC):** Mr. Speaker, in the riding of Louis-Hébert, there is a private teaching institution called the St. François school. This school has over 200 students with special education needs, students who have been referred by school boards in the region that do not have the necessary resources to meet their needs.

The school is run by the Centre psycho-pédagogique de Québec, a foundation set up to ensure its survival.

The foundation is the work of Jean-Marie Guay, who, for 33 years, has provided expert leadership to the school and the foundation, the Centre psycho-pédagogique de Québec.

Mr. Guay is an expert special needs educator who deserves our admiration, and I am proud to highlight his unwavering devotion to and involvement in improving the lives of young people with academic difficulties and facilitating their integration.

It is my honour to congratulate and thank Jean-Marie Guay for being an outstanding citizen and to thank him for being so involved in the riding.

\* \* \*

[English]

**SYLVIA LAWTON AND PAULINE FITZPATRICK**

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Mr. Speaker, Nova Scotia has lost two strong, compassionate, community-minded women in recent days.

Sylvia Lawton died on February 12 after a lifetime of significant accomplishments. She was a powerful force, a long-time educator, and a political powerhouse who was a leader in the PC Party for many years until its disappearance in 2003.

She will be missed by her whole family, especially Jim, and by all of Dartmouth.

This past weekend saw the passing of Pauline Fitzpatrick. Her life was devoted to her husband Ed and her five children and 11 grandchildren, but her community also benefited from her talents and dedication. She was a talented musician and a nurse, and she supported her family through home and school associations and our local parish of St. Agnes. She was a kind, loving woman whose faith was both evident and pre-eminent throughout her life and provided both her and her family much comfort at the end of her life.

Ed, Anne-Marie, Joe, my dear friend John, Mary Elizabeth and Andrew, as well as the grandchildren and dear friends like Anne-Marie MacDonald, have been touched by her grace, elevated by her courage and blessed by her life of serving others.

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● (1405)

**EDMONTON OILERS**

**Mr. James Rajotte (Edmonton—Leduc, CPC):** Mr. Speaker, I rise today to pay tribute to one of the greatest Canadian athletes of all time, Mark Messier, whose number 11 is being retired tonight by the Edmonton Oilers.

Hockey fans will remember his talent, especially his patented play of picking up the puck in the neutral zone and, at full speed and on his off wing and from an impossible angle, releasing that deadly snapshot past the goalie into the far side of the net.

An individual is not supposed to score goals like that, but Messier did, for an incredible total of 694 goals over 25 NHL seasons. He is second overall in regular season points, playoff points and number of games played in the NHL, a testament to his vast talent and incredible stamina.

*Statements by Members*

He was talented and he was tough, but what defined him above all else was his will to win. He was and is a leader.

Tonight, the pride of St. Albert, Alberta returns home to Edmonton to receive the recognition and appreciation he so richly deserves. On behalf of all members of Parliament, I would like to congratulate Mark on all of his achievements and send best wishes to him and to his family on this special day.

\* \* \*

[Translation]

**KRUGER**

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Mr. Speaker, last Friday, Kruger announced that it will invest \$200 million in its Trois-Rivières mill to build a de-inking plant, in order to position itself as a leader in the manufacture of paper from recycled fibre.

By exploring new niches, the paper manufacturer is boosting the long-term viability of the hard-hit forestry sector. The investment will create 200 jobs.

The de-inking plant will use a new technology to produce two grades of pulp that can be used to make newsprint as well as supercalendered and coated papers.

As the Bloc Québécois member for Trois-Rivières, I want to congratulate Kruger on its commitment to the economic development of Trois-Rivières and the surrounding area.

\* \* \*

[English]

**THE ENVIRONMENT**

**Mr. Blaine Calkins (Wetaskiwin, CPC):** Mr. Speaker, on February 14 and 15, I was pleased to attend the G8+5 Legislators Forum in Washington, D.C., where parliamentarians and industry officials representing over 70% of the world's GDP and over 70% of the world's carbon dioxide emissions met.

Unlike previous Liberal governments, Canada's new government has announced its commitment to participate fully in this forum. This government believes in taking global action on climate change and we believe we need to work together with our partners around the world to make this happen.

We think it is important to be part of a global approach on climate change because we need to include all countries in the dialogue, especially major emitters like the United States, China and India. That is why Canada's membership in this organization is so important.

This government recognizes the opportunity before us and is taking real action to bring achievable solutions to climate change. I look forward to working with my colleagues from around the world on this issue that is so important to Canadians.

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**UNIVERSITY OF MANITOBA**

**Hon. Anita Neville (Winnipeg South Centre, Lib.):** Mr. Speaker, I would like to take this opportunity to congratulate my alma mater, the University of Manitoba, on its 130th anniversary.

Established on February 28, 1877, the University of Manitoba was western Canada's first university. Since then, the university has grown into one of Canada's largest medical-doctoral research-intensive universities. It offers 82 programs to its 27,000-plus students and has trained most of Manitoba's professional workforce.

University of Manitoba alumni include Rhodes scholars, champion athletes, political, business and community leaders, world-class researchers and academic experts.

The university serves as the research engine for Manitoba, bringing in \$139.6 million in sponsored research income last year, ranking it number 12 out of the top 50 research universities in the country. The University of Manitoba's researchers are internationally recognized research leaders in the natural sciences, engineering, health sciences and the humanities.

I ask all members to please join me in wishing the university a happy 130th anniversary.

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● (1410)

**ANTI-TERRORISM ACT**

**Mr. Larry Miller (Bruce—Grey—Owen Sound, CPC):** Mr. Speaker, tonight in the House MPs will have the chance to help in the fight against terrorism. Terrorism is not a conventional crime. It is for this reason that we as MPs should use our ability to provide law enforcement officials across the country with the specialized legislation they need to combat terrorism.

Many former Liberal MPs, including the former minister of justice, are speaking out in favour of extending the security measures and against their own leader's position. Today current MPs have the chance to follow their lead. Families of victims of the horrific 9/11 attacks, some of whom are here today, are asking opposition MPs to do just that and rise above partisan politics.

I believe it is the only sensible thing to do. I call on all MPs to lay down their partisanship and vote in favour of extending these critical provisions of the Anti-terrorism Act.

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**HAMILTON AIDS NETWORK**

**Ms. Chris Charlton (Hamilton Mountain, NDP):** Mr. Speaker, until today I have stayed away from using the rare opportunities we have to make statements in this House to single out the work of just one community organization when so many are doing incredible work in Hamilton without getting the kind of support or recognition they deserve from our government.

However, last Saturday I went to an amazing celebration for the AIDS Network in commemoration of its 20 years of service to our region. "Escape to Oz" was an incredible event that really put the fun back into fundraising.

*Statements by Members*

I wish some of my federal and provincial colleagues from the other parties would have been there to show their support, to share in the successes to date and, more importantly, to remind ourselves of just how much more there is yet to be done.

While the Prime Minister's photo op with Bill Gates last week included a welcome announcement of funding for the Canadian HIV vaccine initiative, it does not erase the memory of his snub of the international AIDS conference in Toronto last summer.

What organizations like the Hamilton AIDS Network want to know is that their government supports not just international aid but that it will act to assist people living with HIV-AIDS right here in Canada too.

To date, that assistance has not been forthcoming. Canadian governments have failed the world and they are failing our own citizens. The time to deliver is now.

\* \* \*

[*Translation*]

**PASSPORTS**

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Mr. Speaker, the premiers of New Brunswick, Ontario and Manitoba have travelled to Washington to persuade American authorities to relax their new rules requiring Canadians to present a passport in order to enter the United States by land or water.

Premier Shawn Graham has met with governors to discuss how the new rules will affect employment and the economy. The Canadian premiers are suggesting that an improved driver's licence could be used instead of a Canadian passport.

I therefore ask the Conservative government to support these measures and to take action to reduce the negative impact that the new passport rules will have.

The requirement to present a passport in order to enter the United States by air has already caused problems for hundreds of Canadians, as well as the passport offices. Things will only get worse when passports become mandatory for people entering the United States by land. These new rules will undoubtedly have a negative impact on Canada's economy.

It is the federal government's responsibility to ensure that efforts to improve border security do not affect our country's prosperity.

\* \* \*

**HEART DISEASE**

**Ms. Christiane Gagnon (Québec, BQ):** Mr. Speaker, heart disease has traditionally been more prevalent in men than in women. Recent data from the Heart and Stroke Foundation's *2007 Report on Canadians' Health* indicate that, contrary to popular belief, if you are a woman, you are more susceptible than men to heart disease or a stroke.

There is now a considerable gap between men and women, to the extent that, for the first time in 30 years, it is now women who more often suffer from heart disease. The Heart and Stroke Foundation is sounding the alarm and urging all women and their doctors to be more vigilant.

According to Dr. George Honos, a cardiologist and spokesperson for the Heart and Stroke Foundation, it is worrisome to note that the cardiovascular health of women has not followed the same trend as that of men. It is essential that we understand the reasons for this disparity and rectify the situation. Let us hope that his warning is heard.

\* \* \*

[*English*]

**IRAN**

**Hon. Stephen Owen (Vancouver Quadra, Lib.):** Mr. Speaker, given the emerging circumstances in Iran, I invite all members of this House to join me in the following statements.

First, I invite them to join me in condemning Iranian President Ahmadinejad's genocidal comments regarding the state of Israel and the Jewish people.

Second, I invite members to join me in insisting that Iran cease its arming of terrorist organizations.

Third, I invite them to join me in demanding that Iran honour its commitments under the nuclear non-proliferation treaty.

Fourth, I invite them to join me in urging the UN and the International Atomic Energy Agency to demand access to its investigators to certify that the program has ceased.

Fifth, in the event of non-cooperation with any of the above imperatives, I invite members to join me in calling on the UN Security Council to impose wide-ranging sanctions on international travel, freezing foreign bank accounts and halting all trade with Iran beyond humanitarian aid.

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●(1415)

**ANTI-TERRORISM ACT**

**Mr. Gord Brown (Leeds—Grenville, CPC):** Mr. Speaker, the Liberal flip-flop on two important provisions of the Anti-terrorism Act continues to puzzle me and the majority of Canadians. Investigative hearings and preventive arrests are crucial in our battle against the threat of terrorism in Canada.

As chair of the committee that reviewed the act for this House, I want to thank the Liberal members on that committee, the members from Scarborough Southwest and Etobicoke North. They worked diligently and supported the extension of these provisions. They know that we are not immune to the threat of terrorism.

Families of the victims of the 9/11 and Air-India terrorist attacks want us to place the safety and security of Canadians ahead of partisan politics and support these provisions. Will the opposition leader stop playing partisan politics and join Canada in its fight against terrorism?

*Oral Questions***ORAL QUESTIONS***[English]***ANTI-TERRORISM ACT**

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, for months, the Prime Minister has had the opportunity to improve Canada's anti-terrorism laws but he has not acted. As my father used to say, this is no way to run a railroad. These clauses will sunset today.

Will the Prime Minister commit to proposing changes to our anti-terrorism laws that take into consideration the issues raised by committees of Parliament?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the Liberal Party supported these laws, not just for months but for years and abruptly the leader of the Liberal Party flip-flopped on his support just days before the vote. We have seen this before.

The hon. member for the Liberal Party knows full well that the powers that are there are necessary for national security. He also knows that the courts have found they are consistent with civil liberties. Instead, his leader chooses to ignore all that. He refuses to meet or listen to anybody who is on the other side.

I note that the families of the victims of the 9/11 tragedy are here today and the leader said, "We want to protect other Canadians"—

**The Speaker:** The hon. member for Etobicoke—Lakeshore.

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, the Prime Minister well knows that no proposals have been made from his side to reform these laws. He also knows that the Senate and the House have made substantial proposals for change. These anti-terrorism laws cannot be improved unless the government comes back with comprehensive legislation.

*[Translation]*

Almost five months ago, a committee of this House tabled a report on ten proposed reforms to Canada's Anti-terrorism Act. The Prime Minister rejected all of them.

Why did the Prime Minister ignore the advice of this committee, including that of his own members?

*[English]*

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the government is obviously happy with the provisions that exist. The government offered, since the Liberal Party has flip-flopped its position, to extend the provisions if the Liberal Party does in fact want to make some changes. However, there is a lot at stake here. This is about our national security.

Let me do what I was unable to do before, which is to quote Maureen Basnicki of the Canadian 9/11 victims who said today, "We want to protect other Canadians from the devastation we experienced, so please keep the ATA intact and don't allow the sun to set on Canadian security."

**Mr. Michael Ignatieff (Etobicoke—Lakeshore, Lib.):** Mr. Speaker, instead of proposing a reform of the anti-terrorism legislation, the Prime Minister has taken the low road by smearing the reputation of a member of this House, misleading the Canadian public about the Air-India inquiry and politicizing this when we need

concrete solutions. This conduct erodes the trust necessary for all sides of the House to work constructively to improve Canada's anti-terrorism laws.

Will the Prime Minister commit today to propose new legislation to re-balance anti-terrorism laws to respect both security and human rights?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the deputy leader of the Liberal Party knows that these provisions do both.

What erodes trust is when the leader of the Liberal Party flip-flops his position on the eve of the vote, when the leader of the Liberal Party refuses to meet the families of the victims of the Air-India tragedy, when the leader of the Liberal Party refuses to meet the families of the Canadian victims of 9/11, when he ignores and denigrates the police in this country and when he ignores meeting members of his own party in both Houses and outside of these chambers who demand that he stand up for national security.

It is time the leader of the Liberal Party acted like Canadians should trust his judgment on national security issues.

● (1420)

*[Translation]*

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, reconciling security and the protection of rights is a complex issue and partisan insults do not help. The Prime Minister has not reassured Canadians. He has known, since last October, that the anti-terrorism legislation had to be reworked and brought back into balance, but he did nothing. There was no analysis, no plan, nothing.

Why did the Prime Minister not carry out a rigorous analysis of the act these past five months? Why did he not exempt the issue of national security from partisanship?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, it is the leader of the Liberal Party who changed his position at the last minute. The reality is that these laws respect national security and the courts have ruled on the constitutionality of these measures. The time has come for the leader of the Liberal Party to protect the interests of Canadians and not to play the Liberal caucus game.

**Hon. Lucienne Robillard (Westmount—Ville-Marie, Lib.):** Mr. Speaker, Canadians do not want to hear security today, rights tomorrow. They know that they cannot trust the Prime Minister with the protection of rights.

The Prime Minister eliminated the court challenges program, he abolished the Canadian Human Rights Commission, he has attacked the impartiality of judges, he even stooped so low as to make personal attacks, insults and insinuations.

In light of all this, how can the Prime Minister believe that Canadians trust him to defend their rights?

*Oral Questions*

[English]

**Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC):** Mr. Speaker, this is very disappointing coming from the hon. member. She talked about trust. Canadians trusted the Liberal Party five years ago when it brought in these provisions.

The Liberals have supported it themselves for 4 years and 11-plus months. It is supported by two former deputy prime ministers, the former Liberal leadership candidate Bob Rae, members of the Liberal Party and members of the Senate. The only one people cannot trust is the new leadership of the Liberal Party.

\* \* \*

[Translation]

**QUEBEC ELECTIONS**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, yesterday, Quebec Premier Jean Charest repeated that transfer payments would be interrupted as soon as the referendum process is launched. However, Quebecers will continue to pay taxes to Ottawa, until Quebec's sovereignty is officially proclaimed. From a legal point of view, Quebec is entitled to receive money from Ottawa, as long as it pays taxes.

Does the Prime Minister agree that it is his responsibility to straighten the facts regarding Jean Charest's statements?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the Leader of the Bloc Québécois is once again trying to get me involved in Quebec's election process.

I am the leader of a federal party here, in the House of Commons. I am proud to hold that job, and I have no intention of seeking the leadership of a provincial party in Quebec.

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, during an election campaign, we can understand that federalists in Ottawa support their counterparts in Quebec. We do not take exception to that. However, this partisanship does not dispense the Prime Minister from fulfilling his public responsibilities and duties.

Will the Prime Minister admit that by abstaining from clarifying the facts he is condoning the lies of Jean Charest?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, once again, the Bloc leader is trying to campaign on behalf of the leader of the Parti Québécois.

I will only say that we have one major decision to make here, and that is whether or not to support the next federal budget, which will be an important budget for Quebec. I hope that the Leader of the Bloc Québécois will support it, for the benefit of Quebec and of all the Canadian provinces.

● (1425)

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, the problem is that Jean Charest is engaging the Prime Minister of Canada. Yesterday, he said that the things the federal government put in the budget with respect to equalization would disappear the day the Parti Québécois holds a referendum.

Does the Prime Minister not have the duty today to counter his friend Jean Charest's outrageous statements by reminding him that

the federal government intends to do exactly what the two preceding federal governments did?

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, one of our responsibilities federally is to restore fiscal balance in Canada. We have been negotiating and discussing the issue with the other governments in Canada for a little bit over a year now as we work toward restoring fiscal balance in Canada, which we look forward to bringing forward in the budget on March 19.

[Translation]

**Mr. Michel Gauthier (Roberval—Lac-Saint-Jean, BQ):** Mr. Speaker, I realize they are ashamed of what Jean Charest said and that they have no desire to set the record straight. Nevertheless, they may soon get up on that same soapbox to defend the same cause. It is therefore important to be clear on this starting now. As Jean Charest said yesterday, we must be clear about this; we must state the facts.

I would ask the Prime Minister and the Minister of Finance to rein in their friend Jean Charest and remind him that if there is a referendum, federal transfer payments to Quebec will no more be suspended than they were in 1980 or 1995.

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** As I said, Mr. Speaker, our responsibility, in dealing with the other governments, is to move toward fiscal balance.

The reality of fiscal imbalance between governments in Canada is something that has not been acknowledged by the current leader of the Liberal Party who says, as I understand it, that there is no fiscal imbalance. The Prime Minister has made it clear that there is a fiscal imbalance and that we are moving forward with the other governments in Canada to accomplish fiscal balance. That has been the effort in this past year and I look forward to bringing that forward in the budget on March 19.

We certainly have no intention of interfering in an election in Quebec.

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**INFRASTRUCTURE**

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, communities right across Canada are finding it harder and harder to meet the basic needs of middle class families.

In case we need some examples, we have concrete falling off the Gardiner Expressway in Toronto and we have bridges collapsing in Laval. The Federation of Canadian Municipalities has said that the infrastructure deficit has grown now to \$60 billion. The government has absolutely no long term infrastructure plan, no long term affordable housing plan and no transit plan.

Will the Prime Minister bring forward an urban strategy, yes or no?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, we recognize the challenges of middle class families which is why this government, in the last budget, brought in the biggest middle class tax cut in Canadian history.

*Oral Questions*

The member talked about infrastructure. In the last budget the Minister of Finance brought in the highest levels in history of transfers for infrastructure spending for cities and communities throughout this country. I have complete confidence that the Minister of Finance will outdo himself in the next budget.

**Hon. Jack Layton (Toronto—Danforth, NDP):** Mr. Speaker, let me make it very clear that a tax cut will not fix falling down bridges. A tax cut will not hire child care workers. A tax cut will not put one more bus on the road to reduce smog.

The fact is that the cities of our country are economic engines that are fundamental to the success not only of our economy but also for the personal lives and families of the working people who build those cities each and every day.

Is the Prime Minister telling us today in the House that the budget will contain an urban strategy with investments in these key areas? Will he abandon his tax cuts and start investing in Canadian communities?

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, I have to remind the leader of the New Democratic Party that Canadians have their own personal finances and do value tax cuts. At the same time, this government has put record amounts of money into infrastructure.

We have a plan and the Minister of Transport, Infrastructure and Communities is moving forward on that. I hope the NDP will support that plan and not oppose the budget, like it did last time. Hold on. Actually it did support it last time in the end.

\* \* \*

• (1430)

**GOVERNMENT OF CANADA**

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, instead of serious work on public security and individual rights, the government resorts to Nixon like manipulation. It is carefully orchestrated.

The Prime Minister misuses a news clipping to smear an MP, which is totally wrong. The Conservative caucus chair then stretches that smear into an accusation about a potential suspect, which is totally wrong. Two rabid parliamentary secretaries then slander the opposition as harbour for terrorists, which is also totally wrong.

How can Canadians trust their rights to such an expedient government of such obviously low character?

**Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC):** Mr. Speaker, the hon. member mentions the whole question of trust. As I pointed out in my previous answer, there are individuals who are counting on the support of the Liberal Party with respect to the Anti-terrorism Act. It was not just police officers and police enforcement agencies. The victims of the Air-India inquiry and people right across this country are depending on it.

I believe it sends the wrong message when the Liberal Party flip-flops on something like that, not just to Canadians at home but to the world at large about our commitment to fighting terrorism. The party had a lot of priorities in the past. Let us make this a priority for a change.

**Hon. Ralph Goodale (Wascana, Lib.):** Mr. Speaker, the government tells Canadians to trust it to respect their rights but its behaviour screams the opposite.

From police investigations to smears about child pornography and the fight against terror, the Prime Minister uses slander as his standard tactic of first resort. He tries to politicize the public service, the police, the courts and even the military. So, yes, Canadians are concerned.

When will the government stop poisoning the atmosphere and killing the trust of decent Canadians?

**Hon. Rob Nicholson (Minister of Justice and Attorney General of Canada, CPC):** Mr. Speaker, speaking about poisoning the atmosphere in this place, I can tell you that these provisions of the Anti-terrorism Act had the support of that party until about two weeks ago. The Liberals are trying to change the channel now. They are embarrassed that they have lost the support of their colleagues in the Senate and their own backbenchers, prominent members of the Liberal Party, former deputy prime ministers, former leadership candidates. They are embarrassed that they changed their point of view and I do not blame them.

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**AFGHANISTAN**

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker, the Prime Minister admitted yesterday that his government does not have an exit strategy for Afghanistan and that it is unwise to have a plan for a firm end date. He said, "I think that is precipitous and an unwise way of making decisions".

Can the Prime Minister tell Canadians why he is reluctant to tell us that he has already made a decision that Canadian troops will remain after February 2009? Why the cover-up?

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, in the House of Commons on Tuesday February 13 the member for Bourassa referred to, and I quote, "detainee abuse in Afghanistan", and again I quote, "the issue of abuse of some Afghan detainees", and finally, "Why the cover-up?" These are despicable comments and I demand an apology to the armed forces here and now.

[Translation]

**Hon. Denis Coderre (Bourassa, Lib.):** Mr. Speaker—

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

**The Speaker:** The hon. member for Bourassa.

**Hon. Denis Coderre:** Mr. Speaker, the Minister of National Defence should apologize because he did not tell Canadians the truth, which is that we will stay beyond February 2009. After six hours of debate, he was in a hurry to send our troops until 2009, but now he does not have the courage to tell us the truth. Here is more proof: the report tabled in the House yesterday on our progress in Afghanistan is clear. If we pull our troops, would that jeopardize progress made to date? There is clearly only one answer to that: yes.

Why does the Conservative Prime Minister not have the courage to tell us right now that deep down, this government never intended to pull out in 2009?



*Oral Questions*

**Right Hon. Stephen Harper (Prime Minister, CPC):** Mr. Speaker, the Liberal Party leader voted to send our troops to Kandahar, then he voted against sending our troops to Kandahar, and last week, he supported sending our troops to Kandahar.

[English]

I can say that obviously in the next two years we will gather all the facts before making our next decision, including figuring out what the latest position of the leader of the Liberal Party will be.

The reason I take my feet is just to note that I did receive a phone call this morning from President Karzai of Afghanistan. He wants to thank the Canadian people and the Canadian troops for all the good work they are doing on security and development in Afghanistan.

• (1435)

[Translation]

**Ms. Francine Lalonde (La Pointe-de-l'Île, BQ):** Mr. Speaker, a fourth investigation looked at whether senior officers of the Canadian army turned a blind eye to the fact that prisoners they handed over to Afghan forces risked being tortured, or even whether they knew that the prisoners would be tortured.

Should the government not stop hiding behind the current agreement, under which this type of unacceptable torture is quite possible, and follow the example of the Netherlands, which keeps track of the prisoners handed over to Afghan forces to ensure that they are treated in accordance with international laws?

[English]

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, there is nothing new to this latest investigation. The group that is attempting to get answers through the courts is now trying to do it through a commission.

Eventually all four investigations will come to a result and we will know what the truth is.

[Translation]

**Ms. Francine Lalonde (La Pointe-de-l'Île, BQ):** Mr. Speaker, last week, the Minister of National Defence declared in this House that he was satisfied with the current arrangements of the prisoner transfer agreement.

Since a fourth investigation has shown the seriousness of the situation which a number of studies had already established, why is Canada now refusing to negotiate an agreement similar to that of the Netherlands, to renegotiate a bad agreement? How can he be satisfied with the status quo?

[English]

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, we are satisfied with the modalities of the agreement.

The International Red Cross checks out all the detainees who were transferred to the Afghan authorities.

I must remind the member that we are in Afghanistan to support the Afghan government.

[Translation]

**STATUS OF WOMEN**

**Ms. Nicole Demers (Laval, BQ):** Mr. Speaker, yesterday, when asked about cuts to Status of Women Canada, the minister said: “— this government will redistribute its administrative savings to projects that help women”. The minister is now preparing to close 12 of the 16 regional offices of Status of Women Canada to realize these savings.

Can the minister tell us where she plans to invest the savings obtained by closing regional offices? In which specific services for women?

[English]

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, I want to reiterate that the government has decided to reshape its delivery of services to women. Keeping offices open is not necessarily helping women directly in every community, small, rural and medium size communities across Canada. Therefore, as stated before, as of April 1, the \$5 million will be available for women in the communities.

[Translation]

**Ms. Nicole Demers (Laval, BQ):** Mr. Speaker, the minister previously stated that the safety of women had improved due to an increase in peace officers who patrol the streets.

Are we to understand from the minister's remarks that she wants to transfer funds from Status of Women Canada to public safety to improve services to women? Is this the new strategy of the Minister of Canadian Heritage and Status of Women?

[English]

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, as we have reiterated, this government believes that we have to help women directly in their daily lives. Therefore, any application for funding and support that will do that in every community through organizations will be supported if they qualify.

\* \* \*

[Translation]

**FINANCE**

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, when the Liberals took office, they inherited a \$42 billion deficit and they cleaned up this mess. When this government came to office, it inherited huge surpluses.

How can a government that is swimming in money increase taxes, cut social programs, reduce transfers to the provinces and refuse to help industries and workers in need?

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I am not sure if there was a question there.

*Oral Questions*

I agree with the hon. member opposite that Canadians are overtaxed. He said it this weekend. I agree with him. We took great strides last year in budget 2006 with \$20 billion in tax reduction for Canadians over the course of two years. There will be more tax reductions as we move forward with budget 2007.

I agree with the member for Markham—Unionville. Canadians are overtaxed.

• (1440)

**Hon. John McCallum (Markham—Unionville, Lib.):** Mr. Speaker, not even a raving socialist finance minister would raise income tax when he is drowning in money, but when the—

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

**The Speaker:** Order. The hon. member for Markham—Unionville seems to have got into some difficulty by using the word “raving”, so perhaps we could avoid this kind of adjective and just proceed with the question and we would have less noise, if I may use that term. The hon. member for Markham—Unionville has the floor. We will have a little order, please.

**Hon. John McCallum:** Mr. Speaker, when the tax hike is imposed by a man who says Canadians are overtaxed and who far from being a socialist is a neo-conservative who wants to jail the homeless, then one is truly at a loss to explain such bizarre behaviour.

Does the minister of gimmicks regret that he ballooned his already massive surplus by raising income tax?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I insist that the member opposite apologize for calling me a raving socialist finance minister. I have family; I have children. This cuts to the bone.

I do agree with the member for Markham—Unionville that Canadians are overtaxed. We are working to fix that.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, the behaviour of the minister of gimmicks grows even more bizarre. Why do he and the Prime Minister claim that they cut income tax when every Canadian who is filling out his or her income tax form this year knows that the tax rate went up, not down? Does he think that Canadians are stupid?

The government axed programs that supported the most vulnerable, literacy and youth programs, as well as those that helped minorities, such as the court challenges program. Will the finance minister promise to reinstate funding to these programs?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker—

**Hon. Ralph Goodale:** Cut taxes for the first time.

**Hon. Jim Flaherty:** Ralph, relax, we are going to deal with it. I am going to answer the question.

**The Speaker:** Whether the minister is going to answer the question or not is not the issue. He will respond, but he will address the Chair, I am sure, in his remarks, rather than the former minister of finance.

**Hon. Jim Flaherty:** Mr. Speaker, not only did we reduce income taxes last year so that every Canadian in every tax category would pay less income tax this year on average than they did in preceding

years, but also we reduced the GST by a full percentage point and we also created a \$100 payment for each child under the age of six across the country, all of which are most welcomed by Canadians.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Mr. Speaker, the facts are that the Minister of Finance keeps on misleading the House. He increased income tax rather than reducing it.

The government may be laughing all the way to the bank, but it refuses to use any of this cash to invest in communities across Canada. This is a shortsighted approach and will have long term consequences. The government is awash in cash, but women, youth and minorities have been excluded from the government's right-wing ideological agenda.

Will the finance minister promise there will be no more neo-con ideological cuts to the program?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, the member for Markham—Unionville says I am a socialist and that member says I am a right-wing something or other.

The important thing for Canadians is that we continue to reduce taxes of every kind that Canadians are called upon to pay. We did that in budget 2006 by reducing consumption taxes, reducing income taxes, reducing corporate taxes, reducing excise taxes, reducing every kind of tax that the Government of Canada takes from the people of Canada.

We believe in Canadians. We believe in Canadian families. We are going to continue to try to help them by reducing the tax—

• (1445)

**The Speaker:** The hon. member for Avalon.

\* \* \*

**FISHERIES ACT, 2007**

**Mr. Fabian Manning (Avalon, CPC):** Mr. Speaker, Canada's Fisheries Act is 139 years old and needs to be updated. Our government has put forward changes to the act. However, last Friday the new Liberal fisheries critic, who promised to be constructive, moved a six month hoist amendment. He said it was to allow for more consultations on the new fisheries act.

I would like to ask the Minister of Fisheries and Oceans to tell this House what actually happens if this hoist amendment is adopted.

**Hon. Loyola Hearn (Minister of Fisheries and Oceans, CPC):** Mr. Speaker, the fisheries critic moved the amendment on Friday under the instructions of his House leader and leader, none of whom know anything about the fishery, which effectively would kill the bill if it is passed. If this amendment is passed, the bill will die. It cannot be introduced again into the House in this session, much to the delight of the member for Bonavista—Gander—Grand Falls—Windsor and the member for Sackville—Eastern Shore, “Kill Bill” and “Kill Bill II”.

### DEMOCRATIC REFORM

**Ms. Catherine Bell (Vancouver Island North, NDP):** Mr. Speaker, the Minister for Democratic Reform has contracted out the issue of electoral reform and closed the door on a truly open citizens consultation. Under-represented groups need to have a say on the electoral system, but he does not want special interest groups hijacking the process.

Could the minister explain who those special interests are? Who does he not want to hear from: women, first nations, parliamentarians, ordinary Canadians?

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, I do not know whether parliamentarians are an over- or under-represented group in this country.

However, what I can say is that the way this study is fashioned is so that a representative sample of Canadians is asked to participate, not people from special interest groups but rather a cross-section of Canadians. It should be representative of the population in terms of women, in terms of aboriginals, in terms of regions, in terms of income, in terms of ethnicity. Across the board we should have representativeness and that is the best way to conduct an open consultation.

**Ms. Catherine Bell (Vancouver Island North, NDP):** Mr. Speaker, the minister said that he did not even know the people to whom the contract went. Let me introduce him to his new friends, the Frontier Centre for Public Policy, a neo-Conservative think tank against the idea of climate change. They want a private health care system. They like the idea of bulk water exports. They think trans fats are okay. Guess what? They are opposed to electoral reform. A special interest group has already hijacked the process.

Could the minister explain how a think tank that opposes reform has been put in charge of it?

**Hon. Peter Van Loan (Leader of the Government in the House of Commons and Minister for Democratic Reform, CPC):** Mr. Speaker, this was a wide open competitive process. I do not believe anybody should be barred from participating because of their views.

What I want to know is why the member's party, the NDP, barred Canadians from participating in a consultation by the parliamentary committee. A motion was put forward allowing for additional consultations to take place, allowing the parliamentary committee to do its study. That was put forward by a Conservative member of Parliament. It was the NDP and the other parties that voted down that consultation process.

\* \* \*

### GOVERNMENT PROGRAMS

**Hon. Raymond Simard (Saint Boniface, Lib.):** Mr. Speaker, thanks to the Liberals the government inherited one of the largest surpluses in Canadian history.

The Minister of Finance promised students there would be money for them in the last budget, but he let them down with only a paltry \$80 for books when the cost of books runs in the hundreds, even thousands of dollars.

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Students need money in September so they can pay for tuition and groceries. Will the finance minister guarantee that he will do more to put money directly in the pockets of students than the paltry \$1.50 per week he came up with last year?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, there is no doubt that post-secondary education is vitally important to Canadians and their families. It has been the subject of a great deal of consultation during the past year in our discussions with many people across Canada and with the governments of the provinces and territories.

I look forward to moving forward on that issue when we have the budget in the House in two weeks.

[Translation]

**Hon. Raymond Simard (Saint Boniface, Lib.):** Mr. Speaker, the last time this government was swimming in surpluses, it reacted the way it always does: it gave students a pittance and it made cuts in essential programs designed for people who need them the most. The funding for the court challenges program and other programs for linguistic minorities has been cut irresponsibly.

Who is going to be the next one to suffer this year? Who is going to be the government's next victim?

• (1450)

[English]

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, I am sure the member opposite would not refer to his constituents as victims, since they just were the beneficiaries of \$170 million in infrastructure funding announced by my colleague, the Minister of Transport, Infrastructure and Communities, for the Red River floodway.

That is progress in the Red River and that is progress in my colleague's constituency.

\* \* \*

### STATUS OF WOMEN

**Hon. Judy Sgro (York West, Lib.):** Mr. Speaker, driven by its anti-women, anti-equality ideology, the Conservative government cut \$5 million from the budget of Status of Women Canada. The end result gutted the policy and research unit, closed 12 of 16 regional offices and excluded equality seeking organizations from future funding.

Given that the government is posting multi-billion dollar surpluses, when will the Prime Minister recommit his government to the fight for women's equality?

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, while the previous government kept 17 offices open, Canada was put on a watch list for human trafficking. The report of the United Nations said that Canada was not doing enough about violence against women, particularly aboriginal women.

*Oral Questions*

In fact, in one year this government has done more for women. Real action has been taken. We are addressing matrimonial property rights for aboriginal women. We have toughened legislation dealing with sexual predators. We have many pieces of legislation, which I ask the party opposite to support.

**Hon. Judy Sgro (York West, Lib.):** Mr. Speaker, that is nothing more than more hogwash. The government has actually pushed women's equality back 20 years, not forward.

Last Thursday protesters were removed, by force, from the Status of Women offices in St. John's, Newfoundland. It is more proof of the contempt the government has for women and women's issues.

Will the finance minister promise that women's equality will get additional funding in his upcoming budget? If he supports women's equality, when will he put his money where his mouth is?

**Hon. Bev Oda (Minister of Canadian Heritage and Status of Women, CPC):** Mr. Speaker, when we talk about the rights of women in Canada, the government has put forward recognition of the rights of aboriginal women, particularly matrimonial property rights. We are going to make a difference. In fact, the \$5 million will be going to help women, which is almost a 50% increase toward women and their needs.

\* \* \*

[Translation]

**SOFTWOOD LUMBER**

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, according to United States Trade Representative, Susan Schwab, Quebec and Ontario are in contravention of the softwood lumber agreement.

In July 2006, the Bloc Québécois and the Quebec Forest Industry Council supported the agreement, but issued some concerns about the anti-circumvention clause in the agreement.

What does the Minister of International Trade intend to do in response to the allegations by the Americans?

[English]

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** Mr. Speaker, I think the hon. member knows that we just established our binational committee to review a number of issues under the softwood lumber agreement. These provincial practices will be discussed there. We had a very cordial first meeting.

Other discussions are ongoing, on how provinces can come out from this agreement, and the exit ramps issue. A number of very positive constructive discussions are taking place.

[Translation]

**Mr. Serge Cardin (Sherbrooke, BQ):** Mr. Speaker, the Americans are abusing the anti-circumvention clause of the softwood lumber agreement to once again harm the forestry industry in Quebec and Canada.

Will the government drop its laissez-faire attitude and be firm with the Bush administration to prevent a new war on softwood lumber from starting up? Enough is enough.

[English]

**Hon. David Emerson (Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, CPC):** It is quite to the contrary, Mr. Speaker. First, the softwood lumber agreement protects Canadian forest policies. Second, the softwood lumber agreement protects us from more trade litigation and from more aggressive taxes and duties that would be very destructive for the Canadian forest industry. Therefore, it offers a lot of protection, a lot of stability and a lot of security for the next seven to nine years.

\* \* \*

**OIL AND GAS INDUSTRY**

**Hon. Dan McTeague (Pickering—Scarborough East, Lib.):** Mr. Speaker, as a direct result of inadequate competition, years of downsizing, mergers and refinery shutdowns in the oil industry, we are now seeing gasoline rationing in Canada's largest cities and elsewhere in Canada for the first time since the second world war.

I ask the Prime Minister Stephen Harper here and now to commit immediately to a full inquiry into the state of gasoline supply in Canada and not pass off an investigation to Canada's anemic Competition Bureau, which oversaw and abetted the decline in competition in the oil industry and enabled major oil companies to create the shortages of high gasoline prices that Canadians face today.

Will he do it now?

• (1455)

**Hon. Gary Lunn (Minister of Natural Resources, CPC):** Mr. Speaker, the gas supply has been impacted by a number of fires in recent weeks.

I am pleased to report to the House that the crude unit at the large refinery at Nanticoke came back on line last night. We expect to see increased gasoline deliveries as early as Wednesday, but there are still more issues to deal with.

We are working with the industry and the provinces affected to do every thing we can to mitigate any shortages. Our government is committed to doing that and working with all the interested parties in the interest of all Canadians.

\* \* \*

**FISHERIES**

**Mr. Bill Casey (Cumberland—Colchester—Musquodoboit Valley, CPC):** Mr. Speaker, last year 100 employees of the Clearwater fish plant in Glace Bay, Nova Scotia were involved in a labour dispute. Later on in the dispute the fish plant operators decided not to reopen the plant. These employees have not had access to any employment benefits ever.

Could the Minister of Human Resources and Social Development please tell the House what he is doing to help those who have been affected by this plant closure?

**Hon. Monte Solberg (Minister of Human Resources and Social Development, CPC):** Mr. Speaker, we are concerned very much about the welfare of these workers. At issue is whether these lay-offs occurred because of a labour dispute, and that is precisely at what the board of referees is looking.

I have asked my department to expedite the decision on whether to pursue this appeal. We want to see this issue wrapped up as soon as possible, precisely because we are concerned about the welfare of those workers.

\* \* \*

#### ARCTIC SOVEREIGNTY

**Mr. Dennis Bevington (Western Arctic, NDP):** Mr. Speaker, Canada's Arctic sovereignty is becoming a concern for working Canadians. With the ice melting and the Northwest Passage opening wider every day, the government does not even know who is in charge of protecting our sovereignty.

Earlier this month the general in charge of military planning said that Indian and Northern Affairs is now responsible for Arctic sovereignty.

Could the Prime Minister tell northerners what has the government planned for Arctic sovereignty and who is in charge of this critical file?

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, a number of departments and ministers are involved in enforcing our sovereignty in the north.

I provide the military portion of northern sovereignty. The Minister of Indian Affairs and Northern Development is also involved, as are the Minister of Natural Resources, the Minister of Foreign Affairs and other ministers.

**Mr. Dennis Bevington (Western Arctic, NDP):** Mr. Speaker, the government is more confused than even I thought. Someone has to be in charge. From the general's comments last week, I am to understand that a new approach is being developed, a civilian approach, like the NDP has recommended.

Will the new approach be one of stewardship? We must focus on sustainable development and research, while working cooperatively with the people of the north. Will the minister include the people of the north as plans for Arctic sovereignty are being developed?

**Hon. Gordon O'Connor (Minister of National Defence, CPC):** Mr. Speaker, our government takes the north as a very important element of our country, not only our sovereignty but also to protect the environment and the people up there as well. Any action we take, no matter which department, we will always consult the people up there.

\* \* \*

#### CITIZENSHIP AND IMMIGRATION

**Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.):** Mr. Speaker, some Canadians are learning that they are in danger of losing, or have lost, their citizenship.

At committee, the minister stated that approximately 450 individuals had come to their attention. The President of the Treasury Board is reported as indicating there could be as many as

#### Oral Questions

2,000 alone in his riding. Statistics Canada indicates there are over 50,000. A Canadian is a Canadian is a Canadian.

Will the minister admit that she has absolutely no idea how many Canadians are in this situation? Will she also admit that she has no plan to deal with these Canadians? Will the minister admit that she has absolutely no clue in what she is doing?

**Hon. Diane Finley (Minister of Citizenship and Immigration, CPC):** Mr. Speaker, we have made it very clear that the situation we inherited from the previous government is a serious one. That is why we are taking action by having a dedicated line in our call centre. We have dedicated agents to help these people. We are also working closely with our partners at CBSA and Passport Canada.

Let me say this and put it in context. The hon. member has been saying that Statistics Canada is claiming 50,000 of these people. I have a letter that says, "I would like to clarify an error appearing February 20 in various media articles with regard to the concept of lost citizens—"

• (1500)

**The Speaker:** The hon. member for Dufferin—Caledon.

\* \* \*

#### AFGHANISTAN

**Mr. David Tilson (Dufferin—Caledon, CPC):** Mr. Speaker, Pakistan is increasingly being identified as an important element of a comprehensive strategy to address the security situation in Afghanistan, a point which the Prime Minister emphasized yesterday.

Could the Minister of Foreign Affairs inform the House what action Canada is taking to encourage Pakistan to improve the security situation in Afghanistan?

**Hon. Peter MacKay (Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, CPC):** Mr. Speaker, while Pakistan is indeed an important ally in the fight against terror, Pakistan and Afghanistan need to do more to combat the instability and poverty exploited by the Taliban insurgency.

Canada has offered solutions to help better police the border, a point that I made during my recent visit in January to both countries. A Canadian multi-departmental border security assessment team has just recently returned from surveying that border and meeting with officials in those countries. I look forward to reviewing that work.

These recommendations will be used to jointly develop new effective border management projects. These efforts are important for the safety of Pakistan, Afghanistan and Canadians and the success of the overall mission.

*Speaker's Ruling***GOVERNMENT PROGRAMS**

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Speaker, hundreds of Canadians who have purchased weekly bus passes are left waiting at the bus stop when it comes to the Conservative transit tax credit. If someone buys a pass four weeks at a time, the government will give that individual money. However, if they buy four weekly passes, the government says that it does not add up to a month. I think it is only logical that the minister fix the loophole and allow weekly pass holders access to the tax credit.

Does the minister disagree with my logic, or will he support ordinary Canadians and extend the program to weekly pass holders?

**Hon. Jim Flaherty (Minister of Finance, CPC):** Mr. Speaker, Canadians have had the benefit of the transit credit since July 1 of last year. It amounts to about two months free public transit per year for someone who commutes regularly by public transit.

I hear carefully what the hon. member says about fine tuning the pass system. We have had certain representations about it during the course of the past year. I look forward to consulting with the member about it.

\* \* \*

[Translation]

**POINTS OF ORDER**

## BILL C-257—CANADA LABOUR CODE—SPEAKER'S RULING

**The Speaker:** On February 26, 2007, a point of order was raised by the Leader of the Government in the House to the effect that amendments adopted by the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities in its consideration of C-257, An Act to amend the Canada Labour Code (replacement workers) and reported to the House on February 21, 2007, are inadmissible.

[English]

The hon. members for Davenport, Roberval—Lac-Saint-Jean, Scarborough—Rouge River and Windsor—Tecumseh have also now presented their arguments on the matter.

As the House knows, the Speaker does not intervene on matters upon which committees are competent to take decisions. However, in cases where a committee has exceeded its authority, particularly in relation to bills, the Speaker has been called upon to deal with such matters after a report has been presented to the House.

[Translation]

In terms of amendments adopted by committees on bills, if they were judged to be inadmissible by the Speaker, those amendments would be struck from the bill as amended because the committee did not have the authority to adopt such provisions. As the hon. Member for Roberval—Lac-Saint-Jean reminded us, this is succinctly explained in a ruling of Mr. Speaker Fraser on April 28, 1992 at page 9801 of the *Debates*:

When a bill is referred to a standing or legislative committee of the House, that committee is only empowered to adopt, amend or negative the clauses found in that piece of legislation and to report the bill to the House with or without amendments. The committee is restricted in its examination in a number of ways. It cannot infringe on the financial initiative of the Crown, it cannot go beyond the scope of the bill as passed at second reading, and it cannot reach back to the parent act to make further amendments not contemplated in the bill no matter how tempting that may be.

● (1505)

[English]

This is precisely the kind of case that I am being asked to adjudicate today.

Before getting into the substance of that case, I want to comment briefly on a precedent cited earlier today where the admissibility of an amendment adopted in committee was challenged, though on rather different grounds than the case before us now.

[Translation]

The hon. Member for Roberval—Lac St-Jean referred to the ruling handed down by the Speaker on October 26, 2006 with respect to Bill C-14, An Act to amend the Citizenship Act (adoption). Although the Member for Roberval—Lac St-Jean is right in citing that decision as an example, he gives it his own interpretation. In that particular case, the Speaker carefully examined, one by one, the amendments adopted by the committee and concluded that, as regards strict compliance with procedural rules, the committee had not exceeded its powers in adopting the amendments challenged by the government.

The case before us is rather different. Given the very narrow scope of Bill C-257, any amendment to the bill must stay within the very limited parameters set by the provisions of the Canada Labour Code that are amended by the bill.

[English]

I have reviewed with great care the text of Bill C-257 as adopted at second reading, the text of the amendments adopted in committee, the relevant sections of the parent act, the Canada Labour Code and, of course, the arguments presented by the hon. members who intervened on this matter. I am now ready to rule.

In relation to the first amendment, the government House leader contends that an amendment proposed in committee by the hon. member for Davenport to clause 2, subparagraph 2.1, is inadmissible because it attempts to make the bill “subject to section 87.4” of the Canada Labour Code. As the hon. member for Roberval—Lac-Saint-Jean noted, the first reading version of the bill already contained this exact phrase within subparagraph 2.1(c); the amendment simply repositioned it within the same subparagraph.

Therefore, the Chair is of the view that this amendment can be characterized as a reference to section 87.4, rather than as an amendment to the Canada Labour Code dealing with the maintenance of services. As such, this amendment to subparagraph 2.1 does not import matters which are beyond the scope of the bill and is therefore admissible.

The admissibility of two other amendments to clause 2, both proposed by the hon. member for Davenport, is also in dispute. The first is to subparagraph 2.3 and introduces the concept of “essential services”. After hearing ample discussion in committee on the admissibility of this amendment, the committee chair found the amendment to be beyond the scope of the bill and ruled it inadmissible. That ruling was challenged and overturned, and the amendment was subsequently adopted. The second disputed amendment, this one to subparagraph 2.4 and also dealing with “essential services” enjoyed the same fate.

The hon. members for Roberval—Lac-Saint-Jean and Windsor—Tecumseh have maintained in their arguments that these two amendments serve to clarify the intent of the main provisions of Bill C-257. They argue that these amendments are admissible for they only make clearer the bill's provisions with respect to replacement workers as these relate to the continuation of essential services.

I fully appreciate the arguments that my hon. colleagues are making. However, I fear that their views are precisely what Mr. Speaker Fraser meant in the 1992 ruling cited earlier when he warned members against being led into the temptation of amendments not contemplated in the original bill.

[*Translation*]

Hon. Members will know that Bill C-257 is limited in its scope. As the summary of the bill adopted at second reading explains:

The purpose of this enactment is to prohibit employees under the Canada Labour Code from hiring replacement workers to perform the duties of employees who are on strike or locked out.

[*English*]

Bill C-257 amends three sections of the Canada Labour Code: section 87.6 dealing with the reinstatement of employees after a strike or lockout, section 94 dealing with prohibitions relating to replacement workers, and section 100 dealing with offences and punishment.

Clause 2, where the two remaining disputed amendments lie, addresses section 94 dealing with prohibitions relating to replacement workers. Clause 2 in the original bill does not touch section 87.4 which is the operative provision of the Canada Labour Code dealing with essential services.

Indeed, it is worth noting that the very phrase “essential services”, although one with which we are all familiar, is not a phrase found in the Labour Code. The Labour Code does not use the term, but refers to “maintenance or continuation of activities to prevent an immediate and serious danger to the safety or health of the public”.

The first amendment imports the new concept of essential services into a clause originally addressing employers' right to protection of their property. As for the second amendment, while it does not actually directly seek to amend section 87.4, it nevertheless does reach back to the parent act and import into Bill C-257 the terms of reviews of orders made by the board under subsection 87.4(7), concepts not found within the bill as adopted at second reading.

Therefore, on strictly procedural grounds, the Chair must conclude that the ruling of the chair of the committee was correct: these last two amendments do go beyond the scope of the bill as adopted at second reading and are therefore inadmissible.

Pursuant to this decision, I must order that the two inadmissible amendments to clause 2, subparagraph 2.3 and 2.4 adopted by the Standing Committee on Human Resources, Social Development and the Status of Persons with Disabilities be declared null and void, and no longer form part of the bill as reported to the House.

In addition, I am ordering that a reprint of Bill C-257 be published with all possible haste for use by the House at report stage to replace the reprint ordered by the committee.

### *Government Orders*

Since report stage on this bill is to be taken up tomorrow, I have advised the Table officers to take appropriate action to ensure that any report stage motions of amendments submitted this evening are in proper form. As hon. members know, they must be submitted by 6 p.m. tonight.

I therefore wish to thank the House for giving me the opportunity of addressing this complicated and somewhat unusual situation.

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## GOVERNMENT ORDERS

• (1510)

[*English*]

### BANK ACT

The House resumed consideration of the motion that Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters, be read the third time and passed.

**Mr. Paul Szabo (Mississauga South, Lib.):** Mr. Speaker, I am pleased to participate in the third reading debate on Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters.

I spoke on the bill at second reading and raised some concerns. I think those concerns have been enforced even further by virtue of the activity at the Standing Committee on Finance. It had an opportunity to review the bill with regard to the commentary and interventions of a number of members.

This particular bill is one which is pursuant to an obligation of the government of the day to carry out a five year review of the Bank Act and related financial institutions.

It touches about 14 different acts of Parliament. It includes about 450 amendments to the various pieces of legislation that it touches upon. The House spent a few hours at second reading dealing with a bill which in itself is not readable without having the benefit of the bills to which it is related. As a consequence, we would probably have a stack of paper in front of us to properly do a review.

The reason I raise this is because I want to make a recommendation to Parliament with regard to the review of the Bank Act and related financial institutions.

At second reading we simply talked about those items which the government is proposing to change based on its own consultation and matters that may have arisen since the prior review.

The finance committee had three hearing days at which it went through a number of witnesses to discuss some of the items in this particular bill. The committee also dealt with committee stage amendments, of which there were a number. Most of them were ruled out of order because they were beyond the scope of the bill.

*Government Orders*

What it did tell me was that there were a fair number of matters of interest related to the Bank Act and other acts which were beyond the scope of the bill but which should not be beyond the scope of the bill. We can look at something that we went through and that is the budget process before it is presented on March 19. The finance committee did some broad based, cross-Canada consultations to talk about the issues that were important to Canadians. It talked of budgets and related legislation that may touch Canadians. There were policies of government, whether taxation, income trusts, deductions, child care or aboriginal health issues. There was a whole range of issues that impact Canadians and there was an opportunity for Canadians to have an input.

We do not have that kind of input in a bill like this that touches 12 or 14 different acts of Parliament. Once it is handled at second reading there is no opportunity to introduce amendments. During the debate I started to list some of the items that members were talking about. Some issues related to bank mergers; information for consumers on particular instruments; the whole idea of foreign banks, and some of the obligations and undertakings; credit union issues; bank closures in communities, particularly small communities; and small and medium sized enterprises, the instruments available to them, whether it be loans, lines of credit or other assistance that could come from the financial services industry to allow them to continue to promote competitiveness within the Canadian economy.

We have heard a lot about bank charges and ATM fees, about private ATMs, about using another bank's ATMs, and about using our own bank and charges ranging anywhere from a \$1 to \$6. Those are the kinds of issues that Canadians probably would have thought of when we are talking about the banks. We ought to talk about the issues that touch Canadians.

● (1515)

When I heard some of the discussion, particularly in the speech of the finance minister during second reading, I thought that this bill, if I were to characterize it, has to do with three words. It has to do with openness, transparency and accountability.

If we have those elements in a process as well as in a piece of legislation, then Canadians can take comfort that there has been a thorough and comprehensive review of the important issues of the day that are related to the subject matter and that they have come before the House in a manner which parliamentarians understand and have an opportunity to consult on.

My recommendation to Parliament is to encourage the government of the day in the future to commence consultations with Canadians, not just a couple of months before a bill comes forward but to treat it like the budget. We need to hear what Canadians have to say, as well as the financial institutions themselves.

It is extremely important that we have the broad input from Canadians so we have a good understanding of their ideas with regard to how financial institutions can better provide the services and products that Canadians need for their personal and business purposes. I think we ignore the needs of ordinary Canadians and the realities of people who do not have the accessibility. We have the principles of the Canada Health Act. I wonder if we should have the principles under the Bank Act of Canada about accessibility,

affordability and comprehensiveness. These are the same kinds of things. They are principles that Canadians can rely on and can look to legislators to say that we will support those principles in matters such as the Bank Act.

I raise it because, quite frankly, I find it very difficult as a parliamentarian to deal with Bill C-37, which would amend 14 acts with 450 amendments, without having all of the bills. As the House knows, even with one amendment in the bill we cannot clearly understand the intent or the impact of that amendment without looking at it in the context of the legislation that it is amending.

If members were to consult with each other on this matter, I believe there would be a fair bit of support for streamlining this process so we can deal with certain areas of issues related to the Bank Act and do a better job on those areas that are most important to Canadians, as well as deal with the regulatory and jurisdictional issues that must be dealt with to respond to the changes in the international community.

That is enough about the process. I believe the process can be improved immeasurably and would improve the quality of the legislation that we deal with as we do this five year review on the Bank Act.

I will now turn to the finance minister's speech at second reading. The finance minister took the lead on the bill and thought it was important to put some of the principles forward to guide us in our deliberation on this bill. He talked about trust in the institutions and I want to talk about trust very briefly.

Many of the NDP members who have spoken have taken the opportunity to basically say that they do not like banks. They think banks are bad. Canadians should be very pleased to have a very stable financial services industry in Canada compared to other jurisdictions. We need to celebrate the fact that our banking system has served Canadians very well.

We also need to understand that Canadians rely on the financial services sector for investments, directly or indirectly, as in their pension plans or RRSP programs. A stable financial industry means that there will be a good return for those pension plans and 80% of Canadians are invested directly or indirectly in the financial services sector. It is important that they are strong and vibrant and that they give a fair and reasonable return.

● (1520)

The marketplace is a dynamic place. People have opportunities and they have choices. However, if the banks had usurious yields from their operations, everyone would invest simply in banks and in nothing else, but that, obviously, is not the case. The environment out there is competitive and competition, which is an area of concern to Canadians, is an important element. I do not think we have had that fulsome debate recently in Parliament and it is one that we should have.



The finance minister also talked about ensuring financial stability and he gave the reason why we had to do these reviews. He concluded his remarks, and phrased it quite well, by saying that the best approach to improving services for consumers was through competition and disclosure.

No matter which business or which industry, we know that competition is an important element to ensuring the consumer is protected, which means that the consumer has choices.

However, we have had a great deal of discussion over the years about bank consolidations and mergers comparatively speaking. One of the things we do know is that the banking industry in Canada is relatively small in the international comparisons in terms of its capitalization, notwithstanding the fact that many of the banks have had very attractive business operations offshore that have generated substantial income for Canadian banks that pay a lot of taxes.

The other thing the banks have in their stead, and which we should not forget, is their contributions back into the community. Their charitable giving through philanthropy and through community service is unparalleled in business and industry. The banks have been extremely supportive and I am sure every member in this place can find an event or activity within their own communities where the banks have been supportive in investing back and giving back to the community.

If the banks were to stop their charitable giving and philanthropy, the money would need to be made up elsewhere. On balance, it would be very difficult for a lot of members in this place simply to write off banks as being bad institutions. Bank employees, some 700,000, pay a lot of taxes. I know people see big numbers and they suggest that somehow banks are bad because they make a profit. It is a profit based on the capital invested. If we were to look at the yield, the return and the dividend ratio that they have, et cetera, I think we would find that they are blue chip stocks that not only provide a healthy return but also provide a tremendous security and stability within the financial system of Canada to ensure we have a vibrant financial community to help Canadian business and industry, as well as consumers and individuals to have safe and secure banking service. That is extremely important. I wish the NDP would give some credit at least to the important contribution that our secure financial system has given to Canada.

The other aspect that the finance minister mentioned in his speech was the whole issue of disclosure. I was a little taken aback when I read a couple of the amendments dealing with customer charges. Canadians talk a great deal about some of the charges for various services, whether it be on a particular account or on some other product that is offered to Canadians.

Two amendments are virtually identical. The first one is to the Bank Act itself and the other is to the Cooperative Credit Associations Act, basically credit unions and the like.

● (1525)

Some of the provisos in clause 31 of Bill C-37 with regard to a product, a service or an account that an individual may have with a financial institution, state a number of things an individual must be provided with:

- (a) information about all charges applicable to the registered product;

### *Government Orders*

- (b) information about how the customer will be notified of any increase in those charges and of any new charges applicable to the registered product;
- (c) information about the bank's procedures relating to complaints about the application of any charge applicable to the registered product; and
- (d) any other information that may be prescribed.

With regard to the products and services of banks where charges are made, that suggests to me that there is full disclosure.

A number of amendments were proposed at committee stage. Some were passed and they are available for members and are highlighted in the reprinted bill.

In the case of clause 31, to which I just referred, an amendment was made that added subclause (2), which reads:

The Governor in Council may make regulations specifying the circumstances under which a bank need not provide the information.

The whole clause in question says that customers shall be provided with all of the information on the amount of the charges, changes to the charges and complaints regarding the charges. For the life of me, I could not think of a product that we have now in the financial services sector or one that might be proposed that has charges associated with it where customers would not be entitled to know the amount of the charges, the changes to the charges or complaints regarding the charges.

I do not understand this section related to the Bank Act and with regard to the Cooperatives Act and the provision about giving governor in council or cabinet the authority to make a regulation exempting certain products or services from full disclosure. It makes no sense. The finance minister said that the best thing for consumers is disclosure.

I cannot change that. I think I will probably support the bill on balance because there are some important technical changes but these are things that I believe we should not be able to put in unless members who have proposed them, particularly government members, can explain to Canadians why it is this change is there. I have asked the question three times but I have never received an answer.

I would like to close with regard to the disclosure issue. We have had a lot of discussion today about the \$42 billion deficit inherited by the Liberals from the Mulroney government. We have had all kinds of discussion about income trusts, the broken promise, et cetera. It has been way beyond the scope of the discussion but it has been allowed to proceed.

I will just close by saying that the finance committee had public hearings on the decision of the government to reverse itself in its election promise and to tax income trusts at a rate of 31.5%. Expert witnesses appeared before that committee. The finance minister failed to justify the \$500 million tax linkage calculation on which he based his decision to tax trusts. He then stonewalled the committee by not giving any explanation as to the criticisms, identified clause and the methodology that were brought up by expert witnesses. In other words, the finance committee determined that there had not been full disclosure and tomorrow there will be a report tabled by the finance committee.

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I encourage all members to look at the report because it shows clearly that the finance minister has not given full disclosure, has not shown accountability, has not been transparent and has not been open with Canadians. It has cost seniors, in particular, \$25 billion in their hard-earned pension savings.

• (1530)

**Hon. Maurizio Bevilacqua (Vaughan, Lib.):** Mr. Speaker, I listened to my colleague deliver yet another speech in the House of Commons. He is known as an individual who delivers quite a few speeches and that speaks to his dedication to the things that are important to Canadians. As well, he and I have shared many days and nights in the finance committee, and I can tell everyone that very few people work as hard as he does.

I am interested in the broader issue related to an issue that I think needs to be addressed as Canadian financial institutions deal with key issues and pressures like demography, globalization and competition in the broader global context. Of course my hon. colleague would know that I am referring to the issue of the merger review process as it relates not only to banks but also to the cross pillar option.

In the 21st century economy, where financial institutions play an important role, I would think that Canada should in fact have clear guidelines that relate to merger possibilities, not only for banks, as I said, but possibly also for insurance companies as well. While there is in fact a review mechanism in place that speaks to the importance of going through the Competition Bureau and OSFI, the public interest assessment portion of the merger review process is still very unclear.

I want to ask my hon. colleague if he feels that in a country like ours in this century where financial institutions are facing not only domestic competition but also competition from abroad, and as the entire financial service sector redefines itself given all these pressures, whether or not he feels that it is perhaps time for the Government of Canada to clearly outline to the financial institutions what the merger review process is.

These words I am saying should not be misinterpreted to mean that I am in favour of or against mergers, because at the end of the day they will be evaluated according to their merit, but I do want to hear from my hon. colleague what he feels about the fact that it is still not very clear what financial institutions need to do if in fact they want to engage in a merger.

• (1535)

**Mr. Paul Szabo:** Mr. Speaker, I thank the member for Vaughan for his input, his having been the chair of the finance committee for a number of years, particularly during the period when we went through the last round of merger discussions in which it was ultimately decided that mergers would not be permitted to proceed, but that we needed to get this process right.

The member is absolutely right. This is an issue of process. If the process is right, the decision has a better chance of being right. The process has to engage all of the stakeholders. That means not just the parliamentarians and the banks. It means the people of Canada. It means those who are going to be impacted by making moves, because there is some Newtonian physics involved here. For certain actions, there will be reactions, and we have to be sensitive to that.

We know that Canadians are trying hard to understand big numbers and big business, but they often do not get all the information, so the process has to be comprehensive in the sense that it needs to be educational, engaging, open and transparent, and indeed, ultimately it needs to be accountable to the people in terms of the needs we have.

The member is quite right, though, in that this issue and the process have been done partially. I do not think that we are exactly there. I do not think there is a comfort level, either within the industry or within Parliament, or even among Canadians, that we really understand how it is going to work. It is inevitable that we will again have this more serious discussion on the issues with regard to the insurance industry, the trust companies and now with regard to banks, in that there now is a greater facility to consider certain combinations or mergers but in a better context in which there will not be unanticipated consequences.

I think there is a good opportunity here, but the member is quite right in that the process is not there in terms of the stakeholder knowledge. It is time we had that discussion.

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, I would like to know my colleague's opinion on the provision in the bill that will reduce the minimum equity that must be applied to buying a house, in the context of a mortgage, to 80% of the value instead of 75%. I will have the opportunity to talk about this myself in my presentation. What is his opinion on this provision?

[*English*]

**Mr. Paul Szabo:** Mr. Speaker, there is no question about it. Home ownership is part of the Canadian dream and it is not available to a lot of people. We know what has happened to the price of houses generally across the country. We are certainly aware of what has happened to the price of houses in boom areas, particularly out west. For some of us, and I am sure for most of us, it is hard to understand how people can even afford to have certain houses on which they have to carry mortgages of hundreds of thousands of dollars.

However, the member's specific question about reducing the rate to 80% has to be taken in the context of the options available. If we make it totally unfinanceable to the majority of Canadians, then we have served no one. Obviously there has to be a continuous review, I would suggest to the member, and these specific matters probably should be dealt with a lot more frequently than every five years.

These are important dynamics that affect Canadians' decisions, and they affect an important aspect of Canadian life, that being home ownership and purchase. It is an investment that is probably one of the biggest decisions a Canadian family can make. As well, they need to have some security that they are not going to be jeopardizing their financial viability without having a backstop or support from the mechanisms available to them.

*Government Orders*

• (1540)

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Mr. Speaker, as long as there are no other questions, I will respond to what was just said. It is worth noting that my Liberal colleague is concerned about the matter of houses and housing in Canada and Quebec.

There was a question that I wanted to ask him, if we had the time: when the Liberals were in power, why did his government slash funding for social housing programs?

Those programs were very important and helped the most disadvantaged people in our communities. Those cuts seriously hurt people in our communities. The housing situation is a matter of concern in some neighbourhoods, in Montreal for one, but also everywhere in Quebec and Canada. I would have liked to hear his response on that subject.

I would also have liked to hear his response on another subject. The Bloc Québécois recently introduced a bill to invest the surpluses accumulated by the Canada Mortgage and Housing Corporation in social housing to help people who need it most. Why did they vote against it?

I have just bought a house. I am persuaded that most homeowners who have paid premiums to the Canada Mortgage and Housing Corporation and have had the chance to become homeowners would have been happy to lend a hand to people who have not had that chance and who are having trouble finding housing.

I find the response astonishing. I think it is a shame that when the Liberals had the opportunity, they did nothing for renters and people looking for homes—for the people. They did nothing. I will return to this a little later in my presentation.

Nonetheless, the Bloc Québécois supports the bill, for a number of reasons. First, the bill will create mechanisms for transmitting information to consumers, and this will enable them to make informed choices about the banking services they use.

Bill C-37 will also establish the regulatory framework to allow for digital data to be used in cheque processing, which will reduce the time that cheques are held by banking institutions.

Bill C-37 will reduce the regulatory burden for foreign banks, credit unions and insurance companies, to make the regulatory compliance mechanisms more efficient.

The Bill will also change the rules that apply to mortgage loans so that more individuals will have access to this financial vehicle. The government will raise the equity threshold to \$2 billion from \$1 billion for ownership of a bank by a single shareholder, to encourage new competitors to enter the market. For all these reasons, the Bloc will support the bill.

I will not be able to list all of the provisions in this bill, obviously. It is a very large bill, the size of a hippopotamus, and it refers to another bill, which is itself the size of a hippopotamus. It is an enormous bill. Some of its provisions were of particular interest to me.

The first, to which I referred in the beginning following my colleague's speech, is the provision regarding the ratio, the minimum

equity that is required for a mortgage so as not to have to pay mortgage insurance.

At present, the minimum equity ratio is 25%, with the corollary being that the maximum ratio of the mortgage to the value of the purchase is 75%.

This rate will be reduced from 25% to 20%. If someone takes out a mortgage for 80% or less of the value of the home, he or she will not be required to buy mortgage insurance. In my view, that is good.

Allow me to recount a bit of the history of this requirement. The threshold was last changed in 1965, so quite a long time ago. At that time, the rate was 66.7% or two-thirds. In 1965, it was raised to 75%.

• (1545)

Now this bill would raise it from 75% to 80%. In previous times, this requirement was a prudential measure intended to protect lenders against fluctuations in interest rates and property values and ensure that we did not find ourselves in a situation where many people could not pay their mortgages back.

The market has obviously changed a lot over the last 30 years, partly because risk-management practices have improved. Banks are much better now at predicting the risk posed by various borrowers. Regulatory risk-based capital requirements have been implemented and have generally matured. This is to ensure that it is really capital, real assets, and the financial market has changed.

The supervisory framework for federally regulated financial institutions has been strengthened significantly. It seems obvious that the restriction does not play the same prudential role that they used to. As a result, the statutory requirement for a 75% loan-to-value ratio is no longer necessary.

Even if people in the market do not have enough money for the down payment, they can get mortgages with higher loan-to-value ratios, but then they will have to get mortgage insurance.

The Finance Committee held a long discussion and debate on the point at which the mortgage insurance market should be opened to other insurers than the Canada Mortgage and Housing Corporation, which currently provides most of the mortgage insurance. Genworth Capital also does so. This is a discussion that will doubtless continue.

We see more and more mortgage lenders requiring down payments even with less and less mortgage insurance. Five per cent is common now. We have even mortgage insurance of 2.5%. According to some promotions, virtually no down payment is needed any more. So the 25% down payment required to avoid having to buy mortgage insurance no longer made sense.

In fact, it forced people who were able to make a large down payment but less than 20% to buy mortgage insurance for virtually nothing. This will, therefore, help these people save a little money, which is a good thing.

*Government Orders*

I tried to introduce an amendment pertaining to mortgages, which could have been addressed in this bill, but unfortunately it was beyond the scope of the bill. As a result, my amendment was ruled out of order. We need to look at the banks' responsibility for mortgage fraud. People are increasingly concerned about mortgage fraud. For example, someone steals an individual's identity, then takes out a mortgage on the person's home or takes over the person's titles to property, then takes out a mortgage and takes off with the money.

The courts have handed down judgments in such cases, but they are contradictory or ambiguous. People whose houses were stolen or mortgaged without their consent are today being asked to pay up or lose their homes.

I would have liked to see a provision added to the Bank Act to ensure that in cases of identity theft, the bank is held responsible for the fraud and for repaying the mortgage in some other way. If this provision had been adopted, the bank could not have gone to a property owner who had been a victim of mortgage fraud and said that he or she had to repay the mortgage that had been fraudulently taken out on the property.

● (1550)

The amendment was not approved, but I plan to raise this issue again in the near future. In any case, I hope that the government is aware of this issue and will move forward.

Certainly, improvements can be made to protect people against identity theft in general, because as the law stands at present, identity theft itself is not a crime. Using a false identity to commit fraud is a crime, because of the fraud, but identity theft itself is not a crime as the law stands at present. This is something that should certainly be changed. A good measure would be to protect people by making sure that in cases of identity theft, the banks are automatically responsible. This would force the banks to take every precaution to avoid another fraud. If such a measure were in place, the banks would be held responsible for anything that happened. Currently, consumers are held responsible.

In our society it is increasingly difficult to protect ourselves from identity theft. There are many things consumers can do, but our personal information is given out. It circulates more and more. We have recently seen data stolen from computers. Hard drives have been lost. So it is very hard to say to consumers that they are responsible for not having their identity stolen and that, if it is stolen, it is their problem. I think it would be better to have the banks bear the burden.

I said earlier that we support the measure pertaining to mortgage loans, since it is a good measure. We had other projects for the Canada Mortgage and Housing Corporation, which I mentioned before. The bill tabled by the Bloc Québécois, which aimed to use some of the surpluses accumulated by the Canada Mortgage and Housing Corporation to provide social housing was rejected. The Conservatives and the Liberals voted against it. Regarding social housing in general, the Conservatives' record is certainly as bad as the Liberals'.

I would also like to touch on another measure provided under this bill, namely the length of time during which cheques are held once

they are deposited in a financial institution. When we deposit a cheque we have received in one branch, this is the beginning of a lengthy trip from the place where the cheque is deposited to the issuing institution. Then, once it is approved, the cheque makes the return trip to the place where it was deposited. Actually it travels around here and there and obviously may physically cover great distances that increase hold times.

The current bill makes provisions for digital imaging. So instead of having the cheque travel physically, it could travel in digital format, which would greatly speed up processing. The banks claim that this measure will reduce the longest hold time from ten days to six, and then to four days, once the system is fully operational. To my mind four days is still long. They say, though, that it is much faster in the very large majority of cases. A hold period of four days would be for the most difficult cases.

However, I must say, the question of the time it takes to process financial transactions has come up repeatedly in committee. There is a reason for this. It is because our fellow citizens often mention it. In this modern age of the Internet and electronic transactions, people expect a little more instantaneousness—if I may use that word—in transactions performed by financial institutions.

More and more, the funds are frozen for a while when we deposit a cheque. The funds may be frozen even if the cheque is processed quickly. Furthermore, when we transfer funds from one account to another, the money can disappear from the first account for a few hours or a few days before it re-appears in the other account. People are wondering where that money went in the meantime.

● (1555)

I can give a rather interesting example from my personal experience. I told the committee about it when I was addressing my questions to the various bank representatives. I sold some shares and received a cheque from my stockbroker. I decided to invest this money in an RRSP. Thus, I wrote a cheque to my financial advisor. Both cheques were deposited on the same day, at the same time. What happened? The cheque I wrote to my financial advisor was withdrawn from my account immediately and I therefore had an overdraft. Since my account has overdraft protection, the money was taken from my line of credit. That same day, I had deposited a cheque from the broker who sold my shares, but that money was not immediately deposited to my account. I therefore found myself in the ridiculous situation of my line of credit being in the negative and my account showing a positive balance, but I could not transfer any money from one to the other because the funds were frozen.

At the time, I asked my banker what was happening and why I was being charged interest. He said that the money from my broker had not been deposited in my account yet. He did not have the money yet and was therefore holding the funds for a few days. I told him he still had not transferred my own money to the other account so why should he charge me interest? He was unable to give me a reason.

*Government Orders*

I made another attempt in committee. I asked why when I am expecting money it is held from me, but when my money is transferred elsewhere it is immediately debited. No one was able to give me a reason.

I have given this personal example because, obviously, I do not want to disclose the circumstances of the constituents who come to see me. The fact remains that people frequently tell us about this type of problem. Banks and financial institutions have to make major improvements when it comes to processing time or else we will have to consider regulating this matter, since it concerns so many people.

In closing, I would like to address two points, including a provision in the legislation on bank mergers. We are still very concerned about possible mergers between monstrous banks the size of giant hippopotamuses—truly gigantic ones—at the expense of the consumer. We are not completely satisfied with the provisions and we will keep a close eye on the bank merger file. We hope that if mergers occur, it will always be in the best interest of the consumer.

The last point, which is not directly related to the bill but is something we discussed a lot in committee, is the issue of income trusts. Once again, the Bloc Québécois did not think it was a good idea to provide a tax advantage to income trusts. If this structure, this approach to organizing companies, is appropriate in some cases, then it should be allowed, but we should not encourage companies to be structured this way just for the tax breaks. That said, we think it was completely irresponsible of the Conservative government to promise not to tax income trusts. Now it has broken its promise. We agree with taxing income trusts, but we condemn the way it was done.

• (1600)

[English]

**Mr. Alan Tonks (York South—Weston, Lib.):** Mr. Speaker, I thank my colleague from the Bloc for a very comprehensive overview with respect to Bill C-37.

I understand that the committee travelled from coast to coast to coast in a very onerous and feverish exercise to gain advice and direction from the general community, notwithstanding the financial institutions community.

The member referred to an issue which is very top of mind with people not only in my community but communities across the country, and that is the issue of identity and mortgage fraud. It would appear to me that if Bill C-37 was an attempt to streamline the relationship between consumers and financial institutions, this particular area would have received more attention in terms of legislative changes and recommendations thereto.

I would like to ask the member what kind of discussion, if any, took place at the committee. Why, in his opinion, did the committee not come forward with recommendations as opposed to having to make amendments that were declared out of order? In fact, if they are out of order as has been declared, what is the follow-up the House could take in terms of dealing with a subject that is of extreme concern?

Not only do the banks share some responsibility, but I would suggest the legal profession shares a great deal of responsibility because innocent victims of this type of fraud could be anywhere in

this country. It has happened in my riding and I am sure the member can give other examples.

Was there any discussion with respect to identity and mortgage fraud? What is the follow-up that he would recommend, or from his party's perspective, that would allow the House to address the matter?

[Translation]

**Mr. Thierry St-Cyr:** Mr. Speaker, we talked about this quite a bit in committee after I proposed an amendment that was deemed inadmissible by my hon. colleague's seatmate. I do not hold it against him, though, because we thought that would happen.

I still brought forward the amendment so that it could be discussed. People are worried about this. It was pointed out that there are ongoing discussions about identity theft in general at the Standing Committee on Access to Information, Privacy and Ethics. Surely this committee—and I imagine the same will be true of the Standing Committee on Justice and Human Rights at some point—can produce a specific proposal to make identity theft illegal and a criminal offence in all cases. A person cannot make use of someone else's identity, regardless of the reason or whether there was fraud or not. It should be a punishable crime in itself just to try to steal someone else's identity or collect information in order to use someone else's identity.

I have been wondering how the financial institutions' responsibility could be included in the current legislation on identity theft. The government has a certain power of initiative in this area and I encourage it to think about this problem and draw up regulations or work together with the banks, at least on a temporary basis, so that they assume their responsibilities on their own. Government and finance department officials, among others, placed considerable emphasis in committee on self-regulation, on how unnecessary it was to pass legislation on everything that arose, and on how they were going to work together with the banking industry so that it would adopt and implement its own rules.

The advantage of this approach is obviously that it is faster than the legislative route. I encourage the government, therefore, to put pressure on the financial institutions. I encourage these institutions to add voluntarily to their code of conduct that they will hold themselves responsible for any cases of identity theft or mortgage fraud that might arise as a result of such theft. That would make it unnecessary for us to legislate. It would show their sense of responsibility, make them accountable, and force them to be more careful at all times. Once someone is responsible for any future fraud, they pay more attention because they will have to pay. It is the same for the financial institutions.

• (1605)

**Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ):** Mr. Speaker, I would like to congratulate my colleague, the member for Jeanne-Le Ber, on his speech, which was easy to follow and very instructive. I am sure those listening understood what he had to say. Congratulations again.

We have before us a bill to change the minimum down payment for a house from 25% to 20%. The consumer could then save on insurance costs. However, my question will not deal specifically with this subject.

*Government Orders*

At the beginning of his speech, my colleague mentioned the surpluses of the Canada Mortgage and Housing Corporation—surpluses which they keep. One quarter of these surpluses is in Quebec. In my riding, there are plans for a seniors' home. The people have asked for help from the Quebec Housing Corporation, and I would like the CMHC to also make a contribution.

My question is the following: Who might benefit from the surpluses of the Canada Mortgage and Housing Corporation if they were released to Quebec?

**Mr. Thierry St-Cyr:** Mr. Speaker, I thank my colleague for his question. It allows me to continue to talk about the bill that the Bloc Québécois put forward to use the surpluses from the Canada Mortgage and Housing Corporation.

We have to understand that this money did not fall from the sky. Of course, this money is paid by people who receive mortgage loans to buy their house. These are people who have bought a house and whose situation—we hope—is favourable.

In the Bloc Québécois, we really saw this as a solidarity measure, that is taking the surpluses in the Canada Mortgage and Housing Corporation and continuing to invest them in housing to improve the quality of the rental housing stock, to build new housing units, that is low rental units, cooperatives, affordable housing and to have all kinds of housing programs. We wanted this money not to be left there indefinitely. Once again, there are no real reasons of caution that require that all these funds be left with the Canada Mortgage and Housing Corporation.

Of course, the provisions to respect the areas of jurisdiction of Quebec and the provinces provided that this money would be transferred to the Quebec government, which could use it for this purpose.

It is a little sad to see that Liberal and Conservative members opposed this measure. I believe that housing is still a huge concern for citizens everywhere in Quebec and in Canada.

In my riding, I know that there are many housing needs. I go door to door a lot. I meet people and they tell me often about this. I am surprised and I have a hard time believing that, in ridings represented by Liberal and Conservative members, people are not facing the same kind of problems. I was a little surprised not to receive their support concerning this important bill that we introduced in the House.

• (1610)

[*English*]

**Ms. Penny Priddy (Surrey North, NDP):** Mr. Speaker, I am pleased to speak to what is an important issue for many people but not one that is part of their dinner table conversation every evening. Nevertheless, certainly in the constituency I represent, Surrey North, it is one that affects the lives of people daily.

Most people who are members of a family, be it a lone parent family or an extended family, are trying to make enough money simply to feed the children, maybe to get them new sneakers for school, maybe to pay for field trips, and to have a safe roof over their heads. Those people do not have the time or the opportunity, or perhaps the knowledge to read in any great depth the Bank Act, the

regulations within it and how they might affect their family. Constituents count on their MPs to represent them and to be their voices in this Parliament. Some people have the time to sit down and work this through, but for those who may not have that opportunity, there are some questions that they would be asking us.

I represent Surrey North, which is one of five constituencies in Surrey. The city of Surrey has 400,000 people. The average three bedroom house is worth about \$350,000. That is an average starter home, which for many people would be wonderful, but there are many young people who will not get into the housing market.

One of the recommendations made by the Consumers' Association of Canada had to do with the limitation on first mortgage funding. I realize there are some disadvantages to raising first mortgage funding from 75% to 95%, but I am not sure that the risks outweigh the benefits. There are many people, some of whom perhaps are our children or grandchildren, who, if they stay in urban areas like the B.C. lower mainland, Toronto, Montreal, Calgary or Edmonton, will never get into the housing market because they do not have \$50,000 to \$60,000 or more for a down payment. That recommendation made by the CAC should have been looked at very carefully. I recognize there are challenges with it, but I think that the benefits outweigh the challenges.

One of the things that my constituents will notice on a fairly regular basis has been talked about at some length lately, and that is the use of automated teller machines, ATMs, and not just the use of ATMs but the cost of using ATMs.

Some of my family have been living in Great Britain for the last three years. When I was visiting there, I discovered there was no charge for using a debit card. I was quite surprised, because I know what the charge is for using one here. People may not talk about the Bank Act at the dining room table, maybe because they are too busy trying to make sure there is enough food on it, but people do notice the charges when they use the ATMs.

Some people only take out very small amounts, maybe because that is all they have in the bank. They may be paying 25% on what they are taking out, and that is just to get the money out. They cannot get into the bank during what are called regular working hours, or their bank branch has closed and they cannot get to a bank of any kind. The ATM fees are ones that people notice with great regularity.

• (1615)

When folks pick up either a newspaper to which they have a subscription or pick up one of the free dailies out there and see a huge headline in big bold print that says, "Bank Profits \$19 Billion", they look at their bank statements.

I do not know whether everybody in the House looks rigorously at their bank statement every month, but people who do not have very much money look at their bank statements regularly. They are just cutting the line. The speaker from the Bloc, who would have much more money than some of the people I have talked about, said earlier that he ran into a difficulty with having money in the bank but not being able to access it. However, these folks pay attention to that part.

*Government Orders*

When they see bank profits of \$19 billion, they do not know why they have to pay money to take their money out of the bank. Nobody wants the banks to suffer losses. People would expect the banks to make a profit. They invest their money. That is why people put money in banks. However, charging twice for the money they invest for us seems to my constituents to be a little beyond the realm of reason.

I do not happen to currently live in a rural area, but I have lived in a rural area in a small town of 1,600 people and the bank closed. The next bank was about 42 miles away. What is the responsibility of the banks when they close? Is it simply to pack up the boxes, lay off the staff and move out town?

I know motions were put forward to the committee on public accountability for bank closures or proposed bank closures. I know the motion was defeated. I do not know what we expect people to do. Perhaps people who have cars or trucks and can drive in every kind of weather et cetera, can get to that town 42 miles away. Otherwise, what does one do?

If people cannot get the cash from the bank, they might do the rest of their banking online, which is a presumption that everybody owns a computer and has Internet service. There are parts of provinces where Internet services are not available to them. Also some people do not have computers or if they have, they not have Internet service.

The fact is there is no accountability for those people who have supported and counted on that bank. In a small town a different relationship is built with a bank than in a big city. It becomes part of the family, something that they count on, or some buddy to count on, the bank manager or others in the bank, and that is gone. Where does one go for advice? Where does one even go to take money out? An amendment to suggest that there be some accountability for that was defeated.

As I said, I live in an urban area. I do not consider that to be an issue for me, but it would be for many of the MPs who represent their constituents in the House.

One success is the member for Winnipeg North has put forward a motion to review ATM fees. I congratulate her for that. I hope, as I think others do, that the standing committee will look at banks and subsidiaries, other financial agents and networks that provide financial services to people. I hope everybody will come forward to testify so the results of the study will be comprehensive.

• (1620)

This is one of the things that constituents count on us to do. They cannot do this for themselves. They do not have the time nor the expertise. They expect us to do it. We have that responsibility.

We have heard a lot about accountability and transparency. I do not know if those words still mean anything, but we hear a lot of talk about transparency. I spent too many years teaching college, I guess, because for me transparency is a slide on top of an overhead. Nevertheless, the concept is important.

The motion to publicize the names of banks that violated the consumer provisions of the act was disallowed. The names of businesses that violate their business licence are published by the Better Business Bureau. The names of physicians or teachers who

have been disciplined or have had their licences removed are published. The public has the right to know. The motion that we publish the names of banks that violated consumer provisions of the act was defeated.

Why should violations by institutions that make a \$19 billion profit be disallowed when we hear a great outcry from the public, and often a very legitimate outcry? Constituents in my riding want to know if teachers, or physicians, or accountants or anybody for that matter have violated their professional code of ethics or their business licences. They want to know who these individuals are. Why should banks be somehow exempt from this? I am very puzzled and somewhat disappointed that the motion was defeated.

If we buy something at a store and we ask the price, we are told, for example, that it costs \$7.99, just like it says on the tag. The store discloses the price. However, when we asked about the mandatory disclosure of ATM fees, which was another motion put forward, we were denied.

My bank provides a service to me. I do not provide a service to it. Yet I am not allowed to know what ATM fees are so I can make some comparisons, as anybody would if they were good consumers. Good consumers want to know how much something costs, no matter what they buy. Somehow the committee felt there could not be mandatory disclosure of ATM fees. Perhaps there is some extremely complex reason that I fail to understand as to why these fees cannot be disclosed.

Constituents in my riding do not think there is any reason why these fees cannot be disclosed. That is one thing they understand. They understand credit card interest and they understand their ATM machines and what they pay to use them. They do not have time for the rest. My constituents are raising families and trying to get their kids to soccer, read report cards, take part in school curricula. They do not have the time to look at this kind of information on a regular basis. The publication of this information would be a real service to people. It certainly would be a real service to people in my riding of Surrey North.

• (1625)

Earlier the member for the Bloc spoke about holding cheques. If people live below the poverty line and get a cheque, they do not have the luxury of waiting a week for somebody to clear it. They need that cheque for food. Maybe their child has a chance to participate in sports and they need to buy soccer boots to participate. They need to cash the cheque, not have it held for 24 hours.

*Government Orders*

I put a Government of Canada cheque in the bank the other day. From what I hear, its reputation is superb, but the cheque was held by the bank for 72 hours. For me it did not matter, but for those people who truly are living from dollar to dollar, to hold a cheque like that is not fair, it is not right and it is not just. It may prevent them from buying a prescription for penicillin, for which they did not budget, for a child who has a rip-roaring ear infection or for somebody else in the family who needs something that requires a medical fee. They need it then, not in a week when the medication will not work on that child who has laid in pain for the week. I am using a very simple example in that case, but in the lives of most people they are simple examples.

We have people who do not have an address. They live on the streets. None of us wish for this, and people are working at ways to correct that situation, but thousands and thousands of people still live on the streets. How do they bank because they do not have an address? There are all kinds of banks that discriminate against people because they do not have a home address. This is one of the issues that should have and could have been addressed, but it was not.

I have talked about the credit card fees and interest rates. We can say people should not run up their credit cards because they have such a high interest rates and the cards will never be paid off. How many of us have been in a position of having to make the decision to feed the kids, or fill a prescription?

We hear a lot in the news about pharming of identity information on the Internet and the fact that there is no public disclosure when there has been a breach of security. No one has a duty to notify me or any of us. Yet this has happened recently to stores and companies and people have been up in arms that they have not been notified. It is terrible that these companies have not notified these individuals, but what about the duty of banks to notify any of us. Maybe some of us if that happened would not have our rent cheque bounce. Companies do not have a duty to call and say their security systems have been breached, that there has been identity fraud and that individuals have been affected by this. The motion to include that was defeated as well.

There are many missed opportunities in this bill. The comments of the CAC have been very relevant about what could have been accomplished and was not.

● (1630)

With that I will close and say that while I know we have a duty to review the Bank Act every five years, I hope we will take it more seriously than a housekeeping measure.

**The Acting Speaker (Mr. Royal Galipeau):** Normally at this time I would announce to the House the subjects for the late show. The only announcement I have today is that there will be no late show.

Questions and comments, the hon. member for Winnipeg Centre.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, while I thank the hon. member from Surrey for her comments, I think I can glean from those comments that she shares some of my frustration, in that the population I represent does not feel well served by the banking system and, by extension, by the Bank Act that governs it.

I would like her to elaborate on one or two of the aspects of her speech. When the banks introduced ATMs, my recollection, and I have this on good authority from credible sources, is that there were no fees at all associated with ATM cards when they were first introduced. Banks were seeking to close branches, lay off tellers and save money by electronic e-commerce banking. It was to their great advantage that they weaned us from personal service from a bank teller at our local neighbourhood community bank to that machine, an impersonal cold machine that the banks do not pay wages or give pensions to.

However, I do not think that at the time the thought ever occurred to the banks that they could actually get away with charging us a fee for this privilege as well. That seemed to come later. Is it the member's recollection that there were no fees when banks first introduced these bank cards?

The other thing I would ask her to comment on is this idea of what may be a failed opportunity with the Bank Act. I crashed the shareholders meeting of two major banks a few years ago, the Royal Bank and the Bank of Montreal. I went there with some proxy shares with a member from the Bloc, a man named Yves Michaud, a great activist on banking rights.

We moved motions at that meeting. One was to make sure that the boards of directors of those banks had gender parity: 50% men and 50% women. The vote was 49.4% in favour and 50.6% opposed, which is the exact same ratio as the last Quebec referendum. Yves Michaud's vote on gender parity for the banking institutions was exactly the same, 49.4% to 50.6%, but we almost did it. They almost fell off their chairs because this one lone activist from Quebec, Monsieur Michaud, with me there to second his motions, almost toppled that shareholders meeting.

The other motion, which sadly did not succeed, was a motion to limit the salaries of the CEO to 20 times that of the average worker of the bank. Currently that is at about 150 times; it is at \$7 million, \$8 million, \$9 million or \$10 million. That motion would have limited it to \$50,000 times 20.

Does the member concur that these shareholders rights activists' initiatives are necessary and worthwhile? Does she remember, in her recollection of ATM charges, that there were no bank fee charges for using an ATM in the old days? Some young turk got a promotion because he came up with this idea and said, "Hey, I bet we can charge for this and they'd still use the ATMs". He probably built a career around that one.

● (1635)

**Ms. Penny Priddy:** Mr. Speaker, I am sure it was a young turk, not a young turkess.



*Government Orders*

I do not remember that there were fees when ATMs started. What I remember next was that there was a fee for one's own ATM but there was not a fee for using one's card at another bank's ATM. That was sort of stage two, if I recall correctly, and I certainly stand to be corrected.

**Mr. Norman Doyle:** It's the other way around. There wasn't any fee for your own bank.

**Ms. Penny Priddy:** It is the other way around, my Conservative colleague tells me. There was a fee for another bank and now there is for both, so we have not only one but two fees that people manage to get from this.

One of the things that I think is important about this is something my colleague has alluded to. I would say this anyway, but International Women's Day is next week, March 8, and we will not be here, so I cannot say it then. I will say it now. Most of the staff who were laid off were women. They were tellers and support staff. They did not always have an opportunity to move with the bank and did not have other opportunities in their own towns. Therefore, women were disadvantaged disproportionately when those banks closed.

As for what I think about activism, of course I think any activism is always necessary. We are all shareholders, whether or not we hold shares in banks. A lot of people hold shares in something. They watch their shares and they check them and they may read the paper in the morning, but they never go to a shareholders meeting to actually ask questions and try to make a difference. That kind of activism is always important, as is any kind of activism.

What I saw was an irony in the fact that the major banks at that time were working very hard to increase the number of women in management positions, because they were doing this, by the way, and they actually had programs to do it. They actually were quite successful at it, but at the same time they were closing banks and disadvantaging primarily women. There seemed to me to be a certain irony in that.

**Hon. Garth Turner (Halton, Lib.):** Mr. Speaker, I have a question for the member. I listened closely to her comments about mortgages. She seemed to indicate that her preference would be to have a higher mortgage amount or, in other words, 95% financing extended to purchasers.

I am wondering if I could ask the member to comment, because it strikes me that allowing 95% financing across the board, presumably as we do it today and even getting into what is called the sub-prime market where borrowers can actually borrow an amount greater than the value of the house, just increases indebtedness. Is that not an indenture on those very lower income people the member is speaking in favour of? In other words, increasing the amount of interest that is paid back to the financial institution over the life of the mortgage actually puts the homeowner more at risk, particularly in markets where the real estate housing market may have exceeded its true value.

Again, I am thinking of the lower mainland, where the 2010 Olympics are going to take place and we see housing prices that have risen to a new high. As for people buying into that market with 95% financing, I am a little curious as to how the member justifies

the transfer of wealth from the individual homeowner to the financial institution based on that. It does not seem to make any sense from her philosophical point of view. Perhaps she might be able to enlighten us.

**Ms. Penny Priddy:** Mr. Speaker, I did say at the time, and actually this was also a recommendation from the Consumers' Association of Canada about mortgages, that generally CMHC serves people fairly well in terms of second mortgages. There are downsides. I agree. I know that we have seen people get into the market, then the interest rates go up and, the member is right, they end up paying the bank a larger amount.

What we are not doing, and I am talking about this as it pertains to the Bank Act, in any place that I live in or see is building homes that are in any way affordable or off market. It is one of the ways to do this. Maybe we do not do it across the board. Maybe we have to do very careful assessments, as we would with any mortgage. I am not saying that I think this is full of advantages and that there are no disadvantages. I take my colleague's point. There are downsides and there are risks in this as well, but at 75%, we are really the first generation in history whose children or grandchildren, depending on our age, will be less well off than we are. So for—

**An hon. member:** How does she know?

**Ms. Penny Priddy:** I am sorry. I did not hear the question the member asked.

**An hon. member:** He said, "How does she know?"

**Ms. Penny Priddy:** Perhaps he should read more.

For young people to get into the housing market, this is one way that I would hope people at least would look at and assess. I take the member's point. There are both advantages and disadvantages to this. I do not argue that at all.

• (1640)

**Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.):** Mr. Speaker, I am pleased to speak to Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters or, in other words, the bill that represents a statutory five year review of the Bank Act.

I would like to state that during the finance committee's deliberations or hearings on Bill C-37, I had the pleasure of chairing the committee because of the problem with the chairman having to excuse himself. I would like to take two minutes to thank all the members who were quite understanding that this important piece of legislation with over 450 clauses had to be passed in a relatively short period of time.

I would like to thank the witnesses who appeared before the finance committee on short notice and gave us pretty detailed presentations. I would also like to thank those people who participated in the deliberations.

I would like to talk about the current session of Parliament where the Standing Committee on Finance, of which I am the vice-chair, has seen its share of contentious issues and serious studies.

*Government Orders*

First, committee members undertook the long, cross-country prebudget consultation with Canadians that spanned over months, eight provinces and one territory.

Thanks in part to the diligence of the Liberal members, the finance committee also reviewed the finance minister's astounding decision to tax income trusts. This unbelievable policy reversal has taken \$25 billion from the pockets of hard-working Canadians and billions of dollars in income taxes that would have been collected on the capital gains to pay for some of the requirements that will be needed by the government in its next budget.

The committee has not tabled its report, just in case anybody in the House is unaware. We will table that tomorrow. This controversy is probably the most contentious piece of legislation related to tax legislation that I have seen since I have been here in the House.

The committee is also not adverse to controversy and is now studying the tax implications on the oil sands sector, an initiative that was also supported by the Liberals. The committee, with the support of the Liberals, is also once again studying how ATM fees are charged by the banks, their subsidiaries, other financial agents, and other networks that provide these financial service organizations, and any other things related to these communications services outlets.

To this I am hoping to add as well that the whole issue of the timeliness and charges that relate to electronic payments also get addressed during the study in finance committee.

With all these issues before us during the last few months, it is understandable that the finance committee members breathe a small sigh of relief when a straightforward bill like Bill C-37 comes before us.

Bill C-37 represents legislation that is likely to receive support from all parties. Recently, I heard the Prime Minister complain about the difficulties of receiving the will of Parliament to pass legislation, but with Bill C-37, it seems that the Conservative Party has finally discovered the secret to obtaining unanimous support for one of its bills, and that secret is easy. All the Conservatives have to do is introduce Liberal bills.

The Conservative government has presented a bill that mostly follows Liberal policy. Just to give a little bit of history, in 2005 the Liberal government commissioned a white paper to make recommendations for the review of the Bank Act, which is what we are discussing today. I am pleased that the Conservatives have seen the wisdom in these recommendations and have adopted most of them. They have ended up in what we are seeing today, Bill C-37.

The purpose of the bill is to ensure that Canada continues to be a world leader in financial services and I believe that the current bill takes important steps toward that end. As technologies related to financial institutions evolve, it is important that Parliament keeps our country's laws in step. We, as parliamentarians or legislators, must continue to keep our laws up to date as we did during the past 13 years of Liberal government in an ever changing global economy where Canada will quickly fall behind other more proactive nations if the Conservative government does not follow Liberal policy.

Bill C-37 amends a number of acts governing financial institutions as well as legislation related to the regulation of financial

institutions. These amendments are essentially designed with three objectives in mind.

The first one is to improve service to consumers. For example, and I will speak a little bit more on it later, it is to harmonize online and in-branch disclosure requirements. We are looking at decreasing the hold periods for cheques from ten days to seven days and we hope it will get down to four days.

• (1645)

The second objective is to increase legislative and regulatory efficiency in the Canadian banking system. This basically means to allow foreign entities and allow more competition to come into the markets, and have what we call these near banks or entities that provide banking type services to be regulated on a national level as well.

The third objective of this bill is to give our financial institutions the ability and flexibility to adapt to changing trends and technologies in the industry, which also means allowing for cheque imaging and providing the financial institutions with the ability to process cheques at a quicker pace so that there is less of a hold period on these cheques.

One of the innovative items in this bill is the writing of electronic cheque imaging into law. We finally got it in this bill. It will require the banks to use new technologies to better serve the needs of Canadians. As it stands right now, the maximum hold period on a deposit cheque is 10 business days.

That can be an excessively long time for some Canadians, especially as we have heard from low income Canadians who need access to these funds much quicker in order to pay their bills, buy food, and whatever else they deem a necessity. Bill C-37 will immediately lower this hold period to seven days, allowing Canadians faster access to their own money.

This can be done even faster. I am speaking specifically to electronic cheque imaging which Canada's banks have already begun to implement. By adopting electronic cheque imaging, banks will no longer need to physically exchange copies of cashed cheques with other institutions. Instead, a captured electronic image of the cheque can be sent instantaneously to other financial institutions.

While we were discussing imaging we heard that banks easily clear about 20 million to 30 million transactions a day. We heard of the logistics involved of having to transport a cheque from one part of the country to another part of the country and having to criss-cross and decide which cheques go to which institution. Now with this ability to electronically image a copy of the cheque, we should be able to speed up the process. Hopefully, we will cut down the holding period to a matter of one or two days, instead of the seven days that is in the legislation, and the four days which the finance minister has promised us will be the norm of financial institutions.

*Government Orders*

A second aspect of Bill C-37 that I approve of is the provision for an increased disclosure regime which will provide Canadian consumers and businesses alike with the information that they need in order to make the most informed investment decision possible.

Bill C-37 will ensure that the savings product disclosure regime is just as effective for the millions of online bankers as it is for in-branch customers. We have spoken about this before. I think it makes sense to have that in the bill.

Strong competition and information disclosure are two of the best tools available to ensure that the needs of Canadian customers are being served well by our financial institutions.

On the disclosure front, however, I am disappointed that the Conservatives have ignored one strong suggestion from the white paper regarding the complaints process that financial institutions use.

I imagine that many Canadians are not very familiar with the complaints process that they have at their local bank or anywhere actually. It should be legislated. By legislating the complaints process, it would have been readily available and a good idea. I can guarantee that there are not too many Canadians who even know that there is an ombudsman for banking services and that they can use those avenues when the opportunity arises.

The Canadian banking ombudsman and his office do fine work from what I understand. It is a question of knowing that it actually exists. I would have liked to have seen a requirement for information about its services being made readily available and more money being spent so that its services are actually put on websites so that people know about its services.

Canada's mortgage loan insurance threshold will also be changed by this bill. Currently, any homebuyer who provides less than a 25% deposit is required by law to ensure a mortgage through the Canada Mortgage and Housing Corporation or similar private sector providers.

Bill C-37 will reduce this minimum required from 25% to 20%, allowing more Canadians to secure a home mortgage without having to pay for the additional cost of mortgage insurance. Obviously, it is sensible to have some sort of legal threshold under which Canadians must purchase their mortgage insurance.

• (1650)

During the Mulroney years of uncontrolled inflation, it was far more than sensible. It was both prudent and necessary. After a decade of strong Liberal leadership, however, this country is enjoying both low inflation and record low unemployment. As a result, I think it is more than reasonable to reduce the minimum deposit that Canadians must have in order to secure a mortgage without insurance.

In conclusion, I am pleased to support Bill C-37 at this stage. I am glad to see that the Conservatives are continuing to implement the Liberal agenda on so many fronts. It is, after all, the same Liberal agenda that saw Canada make a complete economic U-turn after years of Conservative fiscal mismanagement. It was not that long ago when *The Wall Street Journal* referred to Canada as a third world economic basket case because of the damage done by the previous Conservative government.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I listened to my colleague's remarks regarding the Bank Act and I share some of the frustration and concern that I heard him express. In the inner city riding that I represent, the banks abandoned, systematically over the last decade, 15 bank branches. My colleague from Winnipeg North experienced something similar. I believe she counted 13 bank branches that folded up their tents and took off from that inner city community.

The point I am trying to make is that the banks were given the exclusive monopoly on some very lucrative financial services in exchange for the duty and the obligation to provide basic financial services to all Canadians whether it is small town rural Manitoba or the inner city core areas of Surrey, Vancouver or Toronto.

They broke that compact. They tore that agreement up and threw it out the window, yet we still call them charter banks. They still enjoy the exclusive monopoly on these very lucrative financial transactions, yet they broke their end of the deal.

The point I am making is that when they fled the inner city, they left a financial services void, a vacuum that was filled very rapidly with what I call fringe bankers, the payday lenders that sprouted up like mushrooms, like a scourge on the inner city.

They offend the sensibility of every Canadian when they charge 10,000% interest on a basic loan. People think I am making that figure up. A study done by the University of Winnipeg studied fringe banking. It ranged from 1,000% at the low end to 10,000% interest. A person cannot make that kind of money selling cocaine.

It is organized crime that is behind a lot of these payday lenders. I say that with no hesitation and no fear of being sued. We know that for a fact. There is nothing else that can be done in this country to make the kind of financial return as payday lenders receive with their loan-sharking practices.

My concern and what I wanted to raise with my colleague, whom I know probably faces similar issues in the Montreal riding that he represents, is that the banks are not serving us well. We have one opportunity every five years or so to have a statutory review of the Bank Act and we fail to address some of these fundamental issues.

Why do we not force the banks to live up to their obligation to provide basic services? Why do we let them close bank branches that are still profitable, they are just not profitable enough, or they are not as profitable as their branch out in the suburbs?

Why do we let them put up ATMs that mystify and baffle people like my mother who has banked at the same street corner of Grosvenor and Stafford since 1948 until that bank branch closed? Now there is this nameless, faceless, cold ATM that she is supposed to try to figure out how to use, and then to add insult to injury, they start charging these exorbitant banking fees just to access her bank account.

*Government Orders*

Really, when we add up all these things, the banks have been raking it in making record profits. Every quarter they set new records. There are not many industries, not many sectors, that have set record profits every single quarter, year after year after year. Why can we not rein these guys in?

Why did this committee not have the guts to take the banks on and tell them they are not living up to their end of the deal with their charters, and to start doing it or we are going to tear up their charters?

• (1655)

**Mr. Massimo Pacetti:** Mr. Speaker, the member made a lot of comments and I am not sure how many questions he asked but I will try to answer him as best I can.

If the hon. member had asked me the question about bank closures a couple of years ago I would have agreed with him. I am not about to defend banks but in the last couple of years there has actually been an increase in bank openings in my riding. They have actually increased the number of hours.

We have Caisse Populaires in Quebec. Credit unions would be the equivalent. The Caisse Populaires have put together a great network of banking systems which have enabled them to compete against banks. This has the banks worried. We are receiving a lot of services in my riding.

I have gotten to know some of the regional managers in my area and when I hear a complaint I tell them about it and tell them that I do not like what I am hearing. We have had problems with some of the banks in terms of banking with individuals and businesses and we have been able to rectify those problems. We also have a very competitive BDC bank that is doing a lot of good work in my riding. I disagree with the member in that aspect.

We do not have payday lenders in my riding but a lot of cash-checking services are sprouting up, and that worries me a bit. We do not have pawnshops but we have something similar and I do not like what I am seeing. The problems and issues are there.

We addressed that issue in the finance committee during our deliberations on Bill C-37. I want to remind the member that we were just looking at the statutory five year review of the Bank Act so it did not really fit in. We tried to fit in certain amendments to address bank closures. We requested the banking association to provide us with an analysis of the different branches and banks that closed during the year. We asked for this by geographical location and the reasons behind the closure. We hope to get that information. If not, we can always bring bank officials back before committee. They will be appearing before committee for ATM fees and the way the whole system works for electronic payment services.

**Mr. Pat Martin:** Mr. Speaker, I forgot to ask my colleague's views on something that is important to me, which is the issue that we are dealing with at the privacy committee under PIPEDA. We are thinking of changing the personal information protection legislation to include the duty to notify. Thirty-four U.S. states have an absolute duty to notify individuals if their personal information has been compromised or if there has been a breach of identity.

Does the member agree that there should be a mandatory duty for the banks to notify people, even if they suffered no injury and even if

the bank corrected the mistake before any material loss was suffered, so people will know how the bank is handling their personal information?

• (1700)

**Mr. Massimo Pacetti:** Mr. Speaker, customers should know about any type of information banks have on them. It is a big problem. We know that sometimes financial institutions do trade information but they tell us that they do not. I would be in favour of any type of disclosure that banks could provide the consumers on what is in their file so they could at least make comments if that information is not accurate. That was not an issue in the committee but we did have issues regarding criminality and theft and identity theft, but again that did not seem to be within the scope of the bill.

I am all in favour of better protecting the privacy of Canadians.

[*Translation*]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I am pleased to speak on behalf of the Bloc Québécois about Bill C-37.

The Bloc recognizes that this bill has some merits. The Bloc also has some concerns about this bill. Bill C-37 will not address some issues. We have heard many speeches in this House. There are aberrations. There are excesses on the banks' part. This bill will not correct these excesses or aberrations. By aberrations, I mean the interest rates on credit cards issued by the major banks, among other things.

I have been a member of the House of Commons since 2000. Believe it or not, although the Bank of Canada rate has occasionally gone down, it has risen slightly in the past few years. Still, it has never gone above the level it reached in 2000.

The interest rate on credit cards issued by the major banks and other financial institutions has risen by 6% since 2000. Obviously, people who pay their credit card bills before the deadline do not have to pay these significant charges. But people who, for various reasons, are having trouble making ends meet and do not make their payments by the deadline will have to pay interest.

Costs are going up in Quebec. The Charest government has raised hydro rates. It was cold in February, so people will notice an increase on their next bill. They will see how much their rates have gone up in the past two years—nearly 15%. Sometimes, we see sharp increases. I say “sharp increases”, because in the past two years, we have enjoyed relatively mild weather in January and February, but this year has been cold.

*Government Orders*

Citizens will see on their next bill, which will arrive in March, probably a little before the election date, the real increases in charges and costs that the Charest government will have had added on to their hydro bill. Then they may have to use their credit cards to pay their hydro bill. It is hard, especially when the rates charged by the credit cards issued by the big banks are getting close to 20%, with rates such as 19.9%, 18.9%. Not to mention the department stores whose interest rates may be as high as 24% or 25%.

Bill C-37 will not fix these aberrations, no more than it will fix the high bank fees for ATMs.

For some time now, when someone is the client of a bank and they use one of its ATMs, no fees have been charged. But if someone uses another financial institution's ATM, there is a fee charged. The ATM that took your request charged you a fee, but the financial institution did not. For the past few years, when someone uses a competitor's ATM, they are charged fees by their own bank for using a competitor's ATM.

In the late 1990s and early 2000s, the banks streamlined their service centres. So today we are paying for the closures of points of service. Well established banks closed their client services saying that ATMs would replace them. On top of their being replaced, fewer services are offered and fees have been added.

Banks have disappeared from certain areas. In rural areas, in some communities, branches have been closed and moved to a neighbouring town. This is what happened in my community. We have an independent ATM, one that belongs to an independent company.

The bank that used to offer services to the population now charges us fees on top of those taken by the competitor's ATM. In some communities, points of service have closed their doors. The institutions suggested that their clients use the ATM, claiming it would not cost them anything and would be cheaper. In addition to saving themselves money, they take our money away from us. Such is the banking reality. This is not something that will be fixed by Bill C-37.

• (1705)

Bill C-37 takes a somewhat broader approach, that is, it looks at broader banking strategy. Among other things, it will reduce the regulatory burden on foreign banks, credit unions and insurance companies, thereby making the regulatory approval regime more efficient. Furthermore, the government would increase the equity threshold from \$1 billion to \$2 billion, thereby making it possible for a single shareholder to wholly own a bank, thus encouraging new competitors on the market.

Once again, this is not targeted at small investors, as I was saying earlier. Bill C-37 is targeted more at bank administration. Although the Bloc Québécois supports the principle of Bill C-37, that is, to open the market to greater competition, we believe that it may allow for more service centres and therefore possibly fewer fees. However, we must ask ourselves some important questions. This is what my colleagues of the Bloc Québécois will do within the committee that is tasked with examining this bill. We will make certain that any changes to the regulations do not allow the kind of uncontrolled mergers and acquisitions we have seen before in the banking sector.

We will try to ensure that the purpose of Bill C-37, which is to promote competition and not concentration among the banks, is respected. The Bloc Québécois' goal is not to support legislation whose purpose is to ensure fewer banks. Indeed, what we want to ensure is greater competition. We want to open up the market and allow more major players in the field, in order to have more competition and more services. We do not want to see the opposite.

We hope that our colleagues in the other parties will understand the position taken by the Bloc Québécois. We want a more open system. We do not want concentration or the kind of uncontrolled mergers and acquisitions we saw in the early years of this century. At that time, the banks were determined to become major global players, to the point that ultimately the public was no longer getting service. For the big banks, this was not a problem as long as they were able to go and do business with the big players all over the world and finance the big capitalists of the world. It is easier to do business with one than with one million. Obviously, I can understand the bank president. I hope that he will understand me. Me, I work for the people. I am sorry but what I want is for the people to have service. If the bank president only wants to have to buy one dinner, that is his problem. I hope that one day he will have to buy a million dinners to do business with every member of the public, as we do, as the Bloc Québécois members of this House do, when we go out to meet with the public in the street. I hope that the bank president is going to come down from his tower from time to time and go and see what the people have to endure and live with.

So it is with that goal, that objective in mind that the Bloc Québécois will support this bill. It will support the bill on the condition that there be more service to the public, not less.

You have gathered that Bloc Québécois members will be following Bill C-37. We will be in committee to propose amendments so that we have more players in the banking game, hoping that with this bill we will succeed in reducing fees and making services more accessible to the public, at a better price. Too often, the public has to endure increases, as is the case in Quebec at present with the rise in electricity rates that is coming in March because of the Charest government.

We hope that we will be able to offer a little salve for their wounds by trying to reduce banking fees.

[*English*]

**Mr. Pat Martin (Winnipeg Centre, NDP):** Mr. Speaker, I had the interesting opportunity to attend the shareholders meetings of two of the major Canadian chartered banks, the Bank of Montreal and the Royal Bank. I was accompanied by a colleague from Quebec, Mr. Yves Michaud. Mr. Michaud is a well-known shareholder activist who is seeking to change the way banks conduct themselves, to add an element of democracy into the shareholders movement, to mobilize shareholders through a shareholders' rights movement to where we can actually effect change in corporate Canada. Seeing as corporate Canada is outside the jurisdiction of Parliament and seems to operate as an entity unto its own, we wanted to introduce some elements of democracy.

*Government Orders*

One of the motions that we moved at the shareholders meeting of the Royal Bank was to require gender parity on the board of directors of the Royal Bank. I thought this was an exciting idea. The motion was moved by Mr. Michaud and was seconded by me. There were 1,300 people at the shareholders meeting and the only motions moved at that meeting by any shareholder were those moved by Mr. Michaud and seconded by me. None of the other shareholders seemed motivated at all into shareholder rights activism that we were seeking to achieve.

The other motion that we moved would have limited the salaries of the CEOs of those banks to 20 times that of the average employee. In other words, if the average employee made \$50,000 a year—and I do not think that they do in the banks; the figure is probably less than that—it would be 20 times that and in round figures it would be \$1 million a year.

That year John Cleghorn made \$11.2 million. We figured that was 130 times the salary of the average employee. The average CEO in Japan makes 13 times that of the average employee.

Does my colleague agree with this kind of shareholder activism? If we have failed to include things in the Bank Act to make sure that the banks are serving the needs of Canadians, whether they live in Quebec or the rest of Canada, does he agree that we need to take that activism to the streets, to the shareholders meetings? Does he agree that we need to exercise the power that we have as shareholders to make sure that we are getting good service from our banks as per their obligations under the Bank Act?

● (1710)

[*Translation*]

**Mr. Mario Laframboise:** Mr. Speaker, I thank my colleague for his question. Yves Michaud is very well known in Quebec. He is a great social democrat. We know that he has the advantage of being a recognized sovereigntist, a member of the Parti Québécois and of the Bloc Québécois. He is obviously a man who has the interests of the people at heart.

It is a well known fact that Mr. Michaud's suggestions to the boards of directors of big banks have always been in the interests of the people, who are once again having their property taken away from them. When we see bank fees go from \$1.50 to \$2.50, we know that part of the increase is being used to raise the salary of the bank's CEO.

I think that the idea that the remuneration of a bank CEO should be 20 times that of the average salary of employees should be considered. The government should show that it has a little backbone but the Minister of Industry has none and never will have. We will never see that, but the government could nonetheless show a little firmness and tell the banks that enough is enough and that they must change their ways.

People work to pay the salary of the CEO, whose only aim is to increase the bank's profits to get a bigger bonus at the end of the year. Not only does the CEO's salary increase but he or she also gets a bonus for reaching the objectives of the current year and exceeding those of the following year. It is not surprising then that the good folks who pay transaction fees at ATMs see those fees increase. On the one hand, it ups the CEO's estimates and, on the other hand, it

increases his or her salary at the end of the year. The CEO is very happy to get a raise but that leaves less money in people's pockets. You can understand then that the Bloc will support any request or any legislation change that the government could introduce to call the banks to order.

**Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ):** Mr. Speaker, I want to congratulate my colleague for his speech on the bill on bank regulation.

He talked briefly about the main objective of the Bloc Québécois concerning this bill, which is intended to promote competition. When there is more competition, there is necessarily a better service provided to the citizens. Competition is also essential to provide services at low costs.

As he said, the Bloc Québécois supports this bill. I would like to hear him on the following question. Could he tell us about the protection that citizens would have, through this bill, against the hungry banks that charge fees on all banking transactions?

● (1715)

**Mr. Mario Laframboise:** Mr. Speaker, I would like to thank my colleague from Chicoutimi—Le Fjord for his question. I see that the member is and always has been an ardent defender of the people. That explains why he has been re-elected time after time. I understand.

We can create that better balance right here in this House. That is the Bloc Québécois' goal with respect to Bill C-37. We want to see more services and we want to encourage competition. That is why we are ardent defenders of our fellow citizens.

The proposed bank mergers were unrestricted. The banks wanted to get bigger and bigger as fast as possible to take over the world market. They did not care about serving people and were ready to charge citizens as much as possible. We will oppose that.

An entire section of this bill deals with fee disclosure and forcing banks to be transparent. Even members of this House do not find out about fee increases until we go to a bank machine.

We must ensure that the population is aware of the facts so that they can pressure boards of directors. That is happening. Shareholders must be informed and encouraged to take action. Action must be taken with respect to cooperative financial institutions. Quebec must be given the tools to look after its own affairs. We must ensure that citizens see costs go down rather than up because bank profits are skyrocketing. Everyone knows those profits come from people's pockets. We want to ensure that the banks take as little as possible from them.

[*English*]

**Mr. Pat Martin:** Mr. Speaker, I am not sure Canadians know their banking rights. I am not sure that they insist on having their rights respected in the context of banking. For instance, some of the payday loan companies, those rip-off outfits that have taken the place of banks in the inner city, are charging people 2%, 3%, 4%, even 5% to cash a cheque, even a government cheque. It is against the law to charge a fee to cash a government cheque and yet they do.

Also, one of the reasons people have to go to these rip-off alternate banking companies is that they do not have an account with an established bank. Banks have to open accounts for people, even if they have no money. In the trade we made with the chartered banks, we granted them the exclusive monopoly privileges on certain very lucrative financial services in exchange for providing basic needs to Canadians. One of those things is they have to open a bank account for people. All people have to do is show some ID, even if they have no money, and then they have a relationship which enables them to cash cheques.

Does the member share my concern that perhaps we have not informed Canadians of their banking rights so that they know enough to demand their rights and that they be respected in the context of banking?

[Translation]

**Mr. Mario Laframboise:** Mr. Speaker, my colleague is absolutely right.

The interest rate established by law is 60%. This rate is already unreasonable. The government allows this. It allows interest rates of 60%. To go higher than this rate is a crime.

First, I believe that we must do something about this. We must do so because 60% is already a crime, in my opinion. That is the reality. When a bank charges 3% or 4% to cash a cheque, we can calculate it in this way: 4% a day, over 365 days, comes to more than 1,200% a year. Thus, it is a crime.

The member is absolutely right. We must be able to make all these things public. People must stop being exploited and they should file criminal complaints against people who do these things. That is the reality.

Once again, we had a Liberal government and we now have a Conservative government that continues to support all this movement of credit that enriches the wealthiest and makes the people poorer. That is what the Bloc Québécois will try to fight against.

• (1720)

**The Deputy Speaker:** Is the House ready for the question?

**Some hon. members:** Question.

**The Deputy Speaker:** The vote is on the motion. Is it the pleasure of the House to adopt the motion?

**Some hon. members:** Agreed.

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

**The Deputy Speaker:** I declare the motion carried on division. (Motion agreed to, bill read the third time and passed)

\* \* \*

### COMPETITION ACT

**Hon. Maxime Bernier (Minister of Industry, CPC)** moved that Bill C-41, An Act to amend the Competition Act, be read the second time and referred to a committee.

He said: Mr. Speaker, I am pleased to rise in this House to address Bill C-41. This bill amends the Competition Act regarding the application of provisions dealing primarily with the telecommunica-

### Government Orders

tions sector. This amendment—the bill only has two clauses—will allow the Competition Tribunal to impose administrative monetary penalties if telecommunications service providers abuse their dominant position.

Bill C-41 will therefore be a powerful deterrent against the anti-competitive behaviour that some players in the industry may display.

The government wants to ensure that consumers and businesses in Canada fully benefit from the deregulation of telecommunications and the creation of competitive markets right here in Canada. To that end, it is essential to provide a credible recourse to punish and deter anti-competitive behaviour which could—and I emphasize the word could—surface during the transition from a regulated to a non-regulated environment.

This is basically the purpose of Bill C-41: to ensure that users of telecommunications services in Canada get the benefits of a competitive market.

In order to properly address this issue, it is important to consider the proposed change in a broader, more global context. The telecommunications sector is experiencing a rapid evolution because of the emergence of new technologies. Telecommunications markets are very competitive and are important to a strong economy.

As we know, competition forces businesses to become more efficient, to invest more in new technologies, to offer new products and to provide services that benefit all consumers.

We are living in a new era of communications shaped by constantly evolving technologies, such as the Internet and the wireless technology. These new telecommunications technologies determine the way we, in Canada, work and live.

Every day, businesses come up with new products and innovative services. In March 2006, the Telecommunications Policy Review Panel acknowledged, in its report, the costs generated by useless and ineffective regulations in these sectors. As I just mentioned, the panel provided us with a copy of its report in March 2006. It urged the government to regulate only if necessary. It also recommended that appropriate measures be provided to deal with anti-competitive behaviour. The panel expressly recommended using fines to ensure that telecommunications companies comply with the Competition Act.

More recently, the Minister of Finance published a document titled "Advantage Canada—Building a Strong Economy for Canadians".

In this document, the government commits itself to taking additional measures to ensure that Canadians will continue to benefit from competition in the telecommunications sector as well as in all other sectors in Canada.

In the document, we stress the importance of making the Competition Act as modern as possible.

*Business of supply*

In its report, the task force also reminded us rightly that some measures to regulate telecommunications in Canada date back to the beginning of the last century. Moreover, the report says that even though Canada remains a leader in telecommunications, other countries are catching up and are even starting to get ahead of us.

Canada's new government is determined to take measures to reverse this trend. Our goal is to create a new regulatory framework that will be modern and flexible and will allow consumers to take advantage of new technologies as well as competition.

For example, Canada's new government tabled in the House a set of proposed policy directions to the CRTC, directing it to rely as much as possible on market forces. As well, on November 15, I announced the decision to change the way the CRTC regulates voice over Internet protocol services, known as VoIP.

● (1725)

Canada's new government has instructed the CRTC to begin deregulating access-independent VoIP services. There are few obstacles to entry into this market and there is no reason to retain regulation in this area.

In the end, I proposed a variance to the CRTC decision regarding local forbearance which outlined the criteria for determining when to refrain from regulating local services.

The government proposed replacing the CRTC criteria for market share with a criterion that would emphasize the presence of a competitive infrastructure in a given geographic area.

We are doing this to ensure that Canadian consumers have the widest possible choices, the best services and the most competitive rates in the telecommunications sector. We wish to resort to regulation only when problems cannot be resolved by market forces. Competition is the main means of ensuring economic efficiency and promoting innovation and growth of productivity, as well as improving our quality of life.

I come from an area and a country where entrepreneurship is flourishing. The people of Beauce recognize the importance of individual freedom, autonomy and responsibility. Beauce business-people also understand, as do entrepreneurs throughout Canada, that individual freedom and competition are vital values in a democratic country and that all forms of regulation can thwart the innovation of which people are so proud.

Implementing this legislation is important. We believe that it is also important that steps be taken to deter behaviour that stifles competition and to educate citizens about this act. The Competition Bureau—

**The Deputy Speaker:** Order, please. I must interrupt the debate on Bill C-41.

\* \* \*

**BUSINESS OF SUPPLY**

## OPPOSITION MOTION—CITIZENSHIP AND IMMIGRATION

The House resumed from February 22 consideration of the motion.

**The Deputy Speaker:** It being 5:30 p.m., pursuant to order made Thursday, February 22, 2007, the House will now proceed to the taking of the deferred recorded division on the motion relating to the business of supply.

Call in the members.

● (1800)

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

(Division No. 125)

**YEAS**

## Members

Alghabra	André
Angus	Asselin
Atamanenko	Bachand
Bains	Barnes
Bélangier	Bell (Vancouver Island North)
Béllavance	Bevilacqua
Bevington	Bigras
Black	Blaikie
Blais	Bonin
Boshcoff	Bouchard
Bourgeois	Brison
Brown (Oakville)	Brunelle
Byrne	Cannis
Cardin	Carrier
Charlton	Chow
Christopherson	Coderre
Comartin	Comuzzi
Cotler	Crête
Crowder	Cuzner
D'Amours	DeBellefeuille
Demers	Deschamps
Dewar	Dhaliwal
Dhalla	Dion
Dryden	Duceppe
Easter	Eyking
Faille	Folco
Freeman	Fry
Gagnon	Gaudet
Gauthier	Godfrey
Godin	Goodale
Gravel	Guarnieri
Guay	Guimond
Holland	Hubbard
Ignatieff	Jennings
Julian	Kadis
Karetak-Lindell	Karygiannis
Keeper	Kotto
Laforest	Laframboise
Lalonde	Lavallée
Layton	LeBlanc
Lemay	Lessard
Lévesque	MacAulay
Malhi	Malo
Maloney	Marleau
Marston	Martin (Sault Ste. Marie)
Masse	Mathysen
Matthews	McCallum
McDonough	McGuinity
McGuire	McKay (Scarborough—Guildwood)
McTeague	Ménard (Hochelaga)
Ménard (Marc-Aurèle-Fortin)	Minna
Mourani	Murphy (Moncton—Riverview—Dieppe)
Murphy (Charlottetown)	Nadeau
Nash	Neville
Ouellet	Owen
Pacetti	Paquette
Patry	Pearson
Perron	Peterson
Picard	Plamondon
Priddy	Proulx
Ratansi	Redman
Regan	Robillard
Rodriguez	Rota
Roy	Russell



Savage  
Scarpaleggia  
Sgro  
Silva  
Simms  
St-Hilaire  
St. Denis  
Stoffer  
Szabo  
Temelkovski  
Basques)  
Thibault (West Nova)  
Turner  
Vincent  
Wappel  
Wilson  
Zed— 159

Savoie  
Scott  
Siksay  
Simard  
St-Cyr  
St. Amand  
Steckle  
Stronach  
Telegdi  
Thibault (Rimouski-Neigette—Témiscouata—Les  
Tonks  
Valley  
Volpe  
Wasylcyia-Leis  
Wrzesnewskyj

## NAYS

### Members

Abbott  
Albrecht  
Allison  
Anders  
Arthur  
Batters  
Bernier  
Blackburn  
Boucher  
Brown (Leeds—Grenville)  
Bruinooge  
Cannan (Kelowna—Lake Country)  
Carrie  
Casson  
Clement  
Davidson  
Del Mastro  
Doyle  
Emerson  
Fast  
Fitzpatrick  
Fletcher  
Gallant  
Goodyear  
Grewal  
Hanger  
Harris  
Hawn  
Hiebert  
Hinton  
Jean  
Keddy (South Shore—St. Margaret's)  
Khan  
Kramp (Prince Edward—Hastings)  
Lauzon  
Lukiwski  
Lunney  
MacKenzie  
Mark  
Menzies  
Miller  
Moore (Fundy Royal)  
Norlock  
Oda  
Paradis  
Poilievre  
Preston  
Reid  
Ritz  
Schellenberger  
Skelton  
Solberg  
Stanton  
Strahl  
Thompson (New Brunswick Southwest)  
Toews  
Tweed  
Van Loan  
Verner  
Warawa  
Watson  
Yelich— 123

Ablonczy  
Allen  
Ambrose  
Anderson  
Baird  
Benoit  
Bezan  
Blaney  
Breitkreuz  
Brown (Barrie)  
Calkins  
Cannon (Pontiac)  
Casey  
Chong  
Cummins  
Day  
Devolin  
Dykstra  
Epp  
Finley  
Flaherty  
Galipeau  
Goldring  
Gourde  
Guergis  
Harper  
Harvey  
Hearn  
Hill  
Jaffer  
Kamp (Pitt Meadows—Maple Ridge—Mission)  
Kenney (Calgary Southeast)  
Komarnicki  
Lake  
Lemieux  
Lunn  
MacKay (Central Nova)  
Manning  
Mayes  
Merrifield  
Moore (Port Moody—Westwood—Port Coquitlam)  
Nicholson  
O'Connor  
Pallister  
Petit  
Prentice  
Rajotte  
Richardson  
Scheer  
Shipley  
Smith  
Sorenson  
Storseth  
Sweet  
Tilson  
Trost  
Van Kesteren  
Vellacott  
Wallace  
Warkentin  
Williams

## Statutory Order

### PAIRED

#### Members

Barbot  
Lussier  
Obhrai  
Bonsant  
Mills  
Thompson (Wild Rose)— 6

**The Speaker:** I declare the motion carried.

## ORDERS OF THE DAY

[*Translation*]

### ANTI-TERRORISM ACT

The House resumed from February 26 consideration of the motion.

**The Speaker:** Pursuant to order made on Thursday, February 22, 2007, the House will now proceed to the taking of the deferred recorded division on the motion relating to the statutory order.

[*English*]

● (1810)

[*Translation*]

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

(*Division No. 126*)

### YEAS

#### Members

Abbott  
Albrecht  
Allison  
Anders  
Arthur  
Batters  
Bernier  
Blackburn  
Boucher  
Brown (Leeds—Grenville)  
Bruinooge  
Cannan (Kelowna—Lake Country)  
Carrie  
Casson  
Clement  
Davidson  
Del Mastro  
Doyle  
Emerson  
Fast  
Fitzpatrick  
Fletcher  
Gallant  
Goodyear  
Grewal  
Hanger  
Harris  
Hawn  
Hiebert  
Hinton  
Jean  
Keddy (South Shore—St. Margaret's)  
Khan  
Kramp (Prince Edward—Hastings)  
Lauzon  
Lukiwski  
Lunney  
MacKenzie  
Mark  
Menzies  
Miller  
Moore (Fundy Royal)  
Ablonczy  
Allen  
Ambrose  
Anderson  
Baird  
Benoit  
Bezan  
Blaney  
Breitkreuz  
Brown (Barrie)  
Calkins  
Cannon (Pontiac)  
Casey  
Chong  
Cummins  
Day  
Devolin  
Dykstra  
Epp  
Finley  
Flaherty  
Galipeau  
Goldring  
Gourde  
Guergis  
Harper  
Harvey  
Hearn  
Hill  
Jaffer  
Kamp (Pitt Meadows—Maple Ridge—Mission)  
Kenney (Calgary Southeast)  
Komarnicki  
Lake  
Lemieux  
Lunn  
MacKay (Central Nova)  
Manning  
Mayes  
Merrifield  
Moore (Port Moody—Westwood—Port Coquitlam)  
Nicholson

*Routine Proceedings*

Norlock  
Oda  
Paradis  
Poilievre  
Preston  
Reid  
Ritz  
Schellenberger  
Skelton  
Solberg  
Stanton  
Strahl  
Thompson (New Brunswick Southwest)  
Toews  
Tweed  
Van Loan  
Verner  
Wappel  
Warkentin  
Williams

O'Connor  
Pallister  
Petit  
Prentice  
Rajotte  
Richardson  
Scheer  
Shipley  
Smith  
Sorenson  
Storseth  
Sweet  
Tilson  
Trost  
Van Kesteren  
Vellacott  
Wallace  
Warawa  
Watson  
Yelich— 124

Plamondon  
Proulx  
Redman  
Robillard  
Rota  
Russell  
Savoie  
Scott  
Siksay  
Simard  
St-Cyr  
St. Amand  
Steckle  
Stronach  
Telegdi  
Thibault (Rimouski-Neigette—Témiscouata—Les Basques)  
Thibault (West Nova)  
Tonks  
Valley  
Volpe  
Wilson  
Zed— 159

Priddy  
Ratansi  
Regan  
Rodriguez  
Roy  
Savage  
Scarpaleggia  
Sgro  
Silva  
Simms  
St-Hilaire  
St. Denis  
Stoffer  
Szabo  
Temelkovski  
Turner  
Vincent  
Wasylycia-Leis  
Wrzesnewskij

**NAYS**

## Members

Alghabra  
Angus  
Atamanenko  
Bains  
Bélangier  
Bellavance  
Bevilacqua  
Bigras  
Blaikie  
Bonin  
Bouchard  
Brison  
Brunelle  
Cannis  
Carrier  
Charlton  
Christopherson  
Comartin  
Crête  
Cuzner  
DeBellefeuille  
Deschamps  
Dhaliwal  
Dion  
Duceppe  
Eyking  
Folco  
Fry  
Gaudet  
Godfrey  
Goodale  
Guarnieri  
Guimond  
Hubbard  
Jennings  
Kadis  
Karygiannis  
Kotto  
Laframboise  
Lavallée  
LeBlanc  
Lessard  
MacAulay  
Malo  
Marleau  
Martin (Sault Ste. Marie)  
Mathysen  
McCallum  
McGuinty  
McKay (Scarborough—Guildwood)  
Ménard (Hochelaga)  
Minna  
Murphy (Moncton—Riverview—Dieppe)  
Nadeau  
Neville  
Owen  
Paquette  
Pearson  
Peterson

André  
Asselin  
Bachand  
Barnes  
Bell (Vancouver Island North)  
Bennett  
Bevington  
Black  
Blais  
Boshcoff  
Bourgeois  
Brown (Oakville)  
Byrne  
Cardin  
Chan  
Chow  
Coderre  
Comuzzi  
Crowder  
D'Amours  
Demers  
Dewar  
Dhalla  
Dryden  
Easter  
Faille  
Freeman  
Gagnon  
Gauthier  
Godin  
Gravel  
Guay  
Holland  
Ignatieff  
Julian  
Karetak-Lindell  
Keeper  
Laforest  
Lalonde  
Layton  
Lemay  
Lévesque  
Malhi  
Maloney  
Marston  
Masse  
Matthews  
McDonough  
McGuire  
McTeague  
Ménard (Marc-Aurèle-Fortin)  
Mourani  
Murphy (Charlottetown)  
Nash  
Ouellet  
Pacetti  
Patry  
Perron  
Picard

**PAIRED**

## Members

Barbot  
Lussier  
Obhrai  
Bonsant  
Mills  
Thompson (Wild Rose)— 6

**The Speaker:** I declare the motion lost.

**ROUTINE PROCEEDINGS**

[*English*]

**COMMITTEES OF THE HOUSE**

## CANADIAN HERITAGE

The House resumed consideration of the motion.

**The Speaker:** The House will now proceed to the taking of the deferred recorded division on the motion to concur in the 13th report of the Standing Committee on Canadian Heritage.

● (1820)

[*Translation*]

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

(*Division No. 127*)

**YEAS**

## Members

Alghabra  
Angus  
Atamanenko  
Bains  
Bell (Vancouver Island North)  
Bennett  
Bevington  
Black  
Blais  
Boshcoff  
Bourgeois  
Brown (Oakville)  
Byrne  
Cardin  
Chan  
Chow  
Coderre  
Comuzzi  
Crête  
Cuzner

André  
Asselin  
Bachand  
Barnes  
Bellavance  
Bevilacqua  
Bigras  
Blaikie  
Bonin  
Bouchard  
Brison  
Brunelle  
Cannis  
Carrier  
Charlton  
Christopherson  
Comartin  
Cotler  
Crowder  
D'Amours

*Private Members' Business*

DeBellefeuille	Demers	Dykstra	Emerson
Deschamps	Dewar	Epp	Fast
Dhalliwal	Dhalla	Finley	Fitzpatrick
Dion	Dryden	Flaherty	Fletcher
Duceppe	Easter	Galipeau	Gallant
Eyking	Faille	Goldring	Goodyear
Folco	Freeman	Gourde	Grewal
Fry	Gagnon	Guergis	Hanger
Gaudet	Gauthier	Harper	Harris
Godfrey	Godin	Harvey	Hawn
Goodale	Gravel	Hearn	Hiebert
Guarnieri	Guay	Hill	Hinton
Guimond	Holland	Jaffer	Jean
Hubbard	Ignatieff	Kamp (Pitt Meadows—Maple Ridge—Mission)	Keddy (South Shore—St. Margaret's)
Jennings	Julian	Kenney (Calgary Southeast)	Khan
Kadis	Karetak-Lindell	Komarnicki	Kramp (Prince Edward—Hastings)
Karygiannis	Keeper	Lake	Lauzon
Kotto	Laforest	Lemieux	Lukiwski
Laframboise	Lalonde	Lunn	Lunney
Lavallée	Layton	MacKay (Central Nova)	MacKenzie
LeBlanc	Lemay	Manning	Mark
Lessard	Lévesque	Mayes	Menzies
MacAulay	Malhi	Merrifield	Miller
Malo	Maloney	Moore (Port Moody—Westwood—Port Coquitlam)	
Marleau	Marston	Moore (Fundy Royal)	Norlock
Martin (Sault Ste. Marie)	Masse	Nicholson	Oda
Mathysen	Matthews	O'Connor	Paradis
McCallum	McDonough	Pallister	Poileuvre
McGuinity	McGuire	Petit	Preston
McKay (Scarborough—Guildwood)	Ménard (Hochelaga)	Prentice	Reid
Ménard (Marc-Aurèle-Fortin)	Minna	Rajotte	Ritz
Mourani	Murphy (Moncton—Riverview—Dieppe)	Richardson	Schellenberger
Murphy (Charlottetown)	Nadeau	Scheer	Skelton
Nash	Neville	Shipley	Solberg
Ouellet	Owen	Smith	Stanton
Pacetti	Paquette	Sorenson	Strahl
Patry	Pearson	Storseth	Thompson (New Brunswick Southwest)
Perron	Peterson	Sweet	Toews
Picard	Plamondon	Tilson	Tweed
Priddy	Proulx	Trost	Van Loan
Ratansi	Redman	Van Kesteren	Verner
Regan	Robillard	Vellacott	Warawa
Rodriguez	Rota	Wallace	Watson
Roy	Russell	Warkentin	
Savage	Savoie	Williams— 123	
Scarpaleggia	Scott		
Sgro	Siksay		
Silva	Simard		
Simms	St-Cyr		
St-Hilaire	St. Amand		
St. Denis	Steckle		
Stoffer	Stronach		
Szabo	Telegdi		
Temelkovski	Thibault (Rimouski-Neigette—Témiscouata—Les		
Basques)			
Thibault (West Nova)	Tonks		
Turner	Valley		
Vincent	Volpe		
Wappel	Wasylycia-Leis		
Wilson	Wrzesnewskyj		
Zed— 159			

## PAIRED

## Members

Barbot	Bonsant
Lussier	Mills
Obhrai	Thompson (Wild Rose)— 6

**The Speaker:** I declare the motion carried.

[*English*]

It being 6:25 p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper.

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**PRIVATE MEMBERS' BUSINESS**

● (1825)

[*English*]

**CRIMINAL CODE**

**Mr. Andrew Scheer (Regina—Qu'Appelle, CPC)** moved that Bill C-343, An Act to amend the Criminal Code (motor vehicle theft), be read the second time and referred to a committee.

He said: Mr. Speaker, it is a great honour for me to rise today to introduce this bill and speak to it.

**NAYS**

## Members

Abbott	Ablonczy
Albrecht	Allen
Allison	Ambrose
Anders	Anderson
Arthur	Baird
Batters	Bélanger
Benoit	Bernier
Bezan	Blackburn
Blaney	Boucher
Breitkreuz	Brown (Leeds—Grenville)
Brown (Barrie)	Bruinooge
Calkins	Cannan (Kelowna—Lake Country)
Cannon (Pontiac)	Carrie
Casey	Casson
Chong	Clement
Cummins	Davidson
Day	Del Mastro
Devolin	Doyle

*Private Members' Business*

**The Deputy Speaker:** Order, please. I ask people to take their conversations outside the chamber and into the lobbies. If you want to talk, that is where you talk. We are doing business in here now.

**Mr. Andrew Scheer:** Thank you for that, Mr. Speaker.

I truly appreciate how special it is to rise on behalf of my constituents and propose legislation that we will debate, voted on and hopefully pass.

I want to talk a bit about my very large riding that takes in the beautiful Qu'Appelle Valley, with its many lakes and rivers, Big Quill Lake in the north and a large piece of the city of Regina. When one has a riding that is so diverse, it is often difficult to pick just one item to sponsor in the form of a private member's bill. There are so many different kinds of issues facing the riding, but I decided to tackle something that affects my entire riding, rural and urban alike.

For many years Regina has had the title of the car theft capital of Canada. In many years, per capita, more car thefts have occurred there than in any other city in Canada. Thanks to the hard work of the Regina police force and city officials, and I should commend our chief of police specifically and our mayor, that rate has begun to come down. However, Regina is still victim to an inordinately high number of car thefts every year.

Over the past decade the story is the same all across Canada. Vehicle theft rates have doubled in London and Hamilton, tripled in Regina and more than quadrupled in Winnipeg. This has resulted in a large increase in rates in Manitoba and Saskatchewan in particular. In 2000-01 large increases were also reported in Victoria, which was up 55%, and in Edmonton, which was up 39%. However, it is not just cities.

I will tell hon. members about a small but beautiful farming town called Abernethy. There are just 200 or so people who live in the town and on surrounding farms. I was summoned by my constituents from that town to attend a town hall meeting to discuss a crime wave this summer. A town of just 200 people an hour outside of Regina had suffered almost 20 stolen cars in a short period of time. Assuming that every household has at least one vehicle, that is a rate of somewhere between 10% and 20%, which is very shocking. Clearly this issue needs to be addressed.

My bill would do several important things for which stakeholders have been calling for years.

First, the bill would create a separate and specific criminal offence for stealing a car. Currently, the most likely charge arising from someone stealing a car is being charged with theft of over \$5,000. If a car is stolen that is worth less than that, a lesser charge along with a lesser sentence, is applied.

As the Insurance Bureau of Canada has said, should it matter if it is a luxury vehicle or a 10 year old sedan? A car theft is a car theft. Should it be more of a crime to steal a car from a rich person than to steal a car from a working class family? I would venture to guess that the majority of households across Canada own a car that is probably worth less than \$5,000 and often that is the car they use to take children to school, bring elderly parents to appointments, get to work on time and everything else for which we all use our vehicles. To have the vehicle stolen, it should not matter if it is a luxury Lexus, BMW, a minivan or a 10 year old sedan.

Second, my bill would establish minimum sentences for a first, second and subsequent offence. This is a very important measure and something of which I am glad to see our government doing more. On the first offence, a conviction would result in a fine of not less than \$1,000, or imprisonment for a term of not less than three months, or both. On a second offence, a conviction would result in a fine of not less than \$5,000, or imprisonment for a term of not less than six months, or both. On a third conviction, being charged as an indictable offence, the fine would be not less than \$10,000 and imprisonment for a term of not less than two years.

Why do we need minimum sentences? Right now in Canada there are too many inconsistencies in sentencing. Repeat and dangerous offenders are getting sentences that are quite frankly, too lenient. A study that came out just over a year ago, which was consistent with previous studies, indicated that the typical auto thief was not somebody just out joyriding. Rather he was a 27 year old male, addicted to drugs, who had 10 prior criminal convictions, not charges but convictions. He stole cars to commit other crimes. This is an important fact to remember. Several studies from police groups, insurance providers and others indicate that these cars are being stolen to commit other crimes or because of involvement in organized crime.

Let us talk about organized crime involved in the matter of car thefts. I spoke with the Insurance Bureau of Canada this very afternoon and I would like to share a few of the stats that it told me.

• (1830)

First, the rate of recovery has been significantly lowered in Canada over the past few years. It used to be that over 90% of stolen cars were recovered by the police. Now that number is falling to closer to 70%. Stolen cars were often used for joyriding, often young people out at night, stealing a car, riding around for awhile and then ditching it, so it was easy for the police to recover the car at the end of the night or the next morning, or it was used to commit another crime, most often a break and entry.

One police officer in Regina said that it was not the luxury cars that were often targeted, but ordinary pickup trucks, as thieves, who were breaking into a home, needed a way to haul away their loot. They would steal a pickup truck, drive it to the site of the break and entry, break into the home, steal some property, drive it away and then ditch the truck.

Often that car or truck would be recovered, but nowadays, there is a prevalence in organized crime of stealing the cars to be chopped or to be sold overseas. I was told today that if a car is stolen anywhere along the St. Lawrence Seaway, there is about a 30% chance that by the end of the week, that car is on a ship going overseas. There is an interesting number. In 1996 Polish police reported the seizure of 11,000 vehicles from North America, 70% of which were Canadian, so clearly there is a market overseas for stolen cars that are obtained in Canada.

*Private Members' Business*

My bill would deal with this. It would address these repeat offenders and it would go a long way toward addressing the involvement of organized crime. It also contains these escalating penalties. What are the benefits of escalating penalties for an offence? It lets first-time offenders know that the treatment they receive from the criminal justice system will only get worse. It encourages them to take seriously some of the alternative measures that are available to them.

This kind of activity places a high burden on the Canadian public, not just taxpayers but also regular car owners who pay premiums. In fact, the Insurance Bureau of Canada states that in higher premiums alone, \$600 million a year goes to compensate for the loss of stolen vehicles. It is closer to \$1 billion when we take into account all the court time, the police time and the investigative research that is done. Often it is not the police forces themselves that conduct these investigations. It is the insurance providers, the underwriters of the insurance bureau that engage in these investigative activities. The police do not have the resources, so it is the private sector, and that is often recouped by higher premiums for car owners.

As a taxpayer, I believe money spent on prisons is money well spent. When we look at what governments spend money on, whether it is bureaucratic waste, corporate welfare or nanny state programs, which provide little to no return on the investment of taxpayers, and compare that to money spent on locking up dangerous offenders and keeping our streets safe, I think most Canadians would agree with me.

Many hon. colleagues will tell me that putting more criminals in jail will cost money, and that is true. However, as I mentioned, it is money well spent. The question becomes this. Is there a more cost effective way to deal with these criminals?

Some will say that more money for social programming will have the same effect in reducing crimes for less money and fewer people facing incarceration. I agree that this may be true for young people or for first-time criminals, but once a criminal steals his third, fourth or even tenth car, he is no longer troubled or at risk. He is a car thief. As well, one has to consider the substantial savings from the insurance premiums, from the court costs and from the policing costs and that any new money that might have to go into prisons or capacity in jails will largely be offset by those savings.

Members should also consider the benefits of the deterrent effect of these tougher sentences. If criminals know they will be dealt with harshly, they will be less likely to steal cars and therefore will not be charged and will not go to jail.

In 2001 Statistics Canada reported that in the year 2000 the per capita rate of auto theft was 26% higher in Canada than it was in the United States and that Canada's rate had surpassed the level of the United States for the previous five years. Moreover police reported that rates of motor vehicle theft were higher among Canadian urban centres with populations over 500,000 than among American cities with populations exceeding 500,000. Canada has recently ranked fifth out of seventeen countries for the highest rate of auto theft, and it is easy to see why.

In the U.S. many states have very tough penalties. They have a specific offence for the theft of a motor vehicle and they have

correspondingly high sentences for that. As we can see from these statistics, one of the factors has resulted in a lower rate of car theft in the U.S. than in Canada.

• (1835)

Having that lower rate of incidents would save taxpayers' money and would dramatically increase the personal security of Canadians. I think that is a huge priority for this government and something which every member of the House would want to work toward.

Our government has taken some very real steps toward improving the safety of our streets. We have cracked down on criminals who use guns. We have eliminated house arrest for a large number of criminals. We have brought in tough three strikes legislation for dangerous offenders. My bill follows in that vein. It establishes three strikes guaranteed prison time. I believe all members should find something in this bill to support.

In the last Parliament my colleague from Langley introduced a similar bill. At the time, the Liberal parliamentary secretary to the minister of justice said this:

What sort of messaging is being sent when his [meaning an offender] conviction by indictment would have a maximum penalty of five years, in other words, cutting the maximum penalty in half?

My hon. colleague felt that the previous version of the bill was flawed because the maximum penalty was only five years. I have remedied that situation. I can inform all hon. members that my bill contains a maximum penalty on indictment of 10 years for the third or subsequent offence.

The then parliamentary secretary went on to say:

Therefore, the use of mandatory minimum sentences, as found in Bill C-293, could be contrary to the established Canadian sentencing principles, such as proportionality and restraint in the use of imprisonment.

I believe that too often it is the restraint in the use of imprisonment by judges that leads to spikes in criminal activity. If repeat offenders were dealt more prison time, they would be out on the streets less and therefore would have less ability to commit crimes. As I mentioned before, the average car thief has 10 prior convictions.

As well, my bill contains a mandatory minimum sentence of two years only on the third offence. This fits in with the principle of proportionality, dealing with someone who has already established a pattern of offending. We can look at all kinds of offences such as violent assaults, rapes and child molestations that are being committed by offenders who are either out on probation or who have served their complete sentence because their sentence was too light to begin with.

*Private Members' Business*

Repeat offenders are better off in jail than in our communities. Once an offender commits a second, third, or fourth crime, he is declaring himself unfit for life in society and is showing his need to be removed. He has forfeited his rights to personal freedom and personal liberty.

I am a big believer in rehabilitation. I do believe that many criminals can be saved, or at risk people can be saved before they commit crimes, with preventive measures like work training, drug and alcohol treatment and anger management. But at what point does society say that enough is enough, and we are not going to subject ourselves to yet another offence by the same person, and put that person in jail? I think three strikes is a fair proposal.

I do want to tell my hon. colleagues that I am open to their suggestions on how to make this bill better. I am eager to work in a constructive way to get this bill passed, and I am open to any amendments that would help make that happen. However, the main thrust of the bill, guaranteed prison time for repeat offenders, is crucial. It is Parliament's job to set the parameters for sentencing for the courts. It is within our rights as legislators to instruct the courts on this matter.

I did not arrive at this conclusion in isolation. Many organizations across Canada are asking for this type of legislation. Richard Duben, the vice-president of investigative services at the Insurance Bureau of Canada, said, "This is a serious, often violent crime"—meaning car thefts—"that is putting the safety and security of our communities at risk. We desperately need stronger laws to curb auto theft, particularly for the repeat offenders causing so much of the problem. We are delighted to see the member for Regina—Qu'Appelle taking the initiative on this important public safety issue and we hope to see his bill passed into law".

The Canadian Association of Chiefs of Police passed a resolution specifically asking for a separate criminal offence for vehicle theft. The association passed a resolution calling on the government to do just that. My bill accomplishes this goal in setting aside a specific offence in the Criminal Code for theft of a motor vehicle. As I mentioned, the three strikes guaranteed prison time is also a key matter.

I would ask all hon. colleagues to go home during the two break weeks in March and randomly pick some constituents' names out of the phone book, call them, and ask them if they think someone who has been convicted of car theft for the third time should be sentenced to at least two years in jail. I predict that the majority of people will ask why it is only for two years. I offer two years as a starting point for debate. I understand we are in a minority Parliament and there are parties with different priorities. A sentence longer than two years might even be worth it. I urge my colleagues to ask their constituents if they think a sentence of two years for a third conviction for stealing someone's car is too harsh. I predict that most, if not all, members will come back here with the majority saying it is not long enough.

• (1840)

**Mr. Lloyd St. Amand (Brant, Lib.):** Mr. Speaker, it is trite to say that the primary consideration in assessing all aspects of criminal law and our criminal justice system, including in particular sentencing

provisions, is the protection of the public and the safety of each citizen and, by extension, each community in Canada.

We have a collective responsibility to Canadians to ensure that laws passed in the House will truly take us a step further in ensuring the safety of Canada's citizens and that laws passed here are not the result of slogans, gimmicks or calculations. No party in this chamber has a monopoly on the desire to safeguard the security and safety of all Canadians and it is irresponsible to suggest that any of the parties in the House is soft on crime.

We need to set aside conjecture, to set aside speculation and deal with the hard and fast reality of criminal behaviour and the roots of criminal behaviour. The truth is that human behaviour, criminal or otherwise, does not lend itself to a simple or computer driven analysis, and it is too easy to conclude that there will automatically be a deterrent effect if the sentencing bar is only set high enough or the sentencing bar is only set harsh enough.

The member opposite in introducing this bill is of the belief, sincerely held—and I attribute that to him, he sincerely believes—that a potential thief will be deterred from his criminal act when he realizes that a second or third offence of auto theft will yield a certain prescribed penalty. Logic and rationale are not at the forefront of a person's mind when he decides to take property not belonging to himself. For the member opposite who introduced the bill to rather blithely assume that this grid or scale of sentences will actually deter auto theft in Canada is, and I say this with respect, naive.

Unquestionably, auto theft is a serious issue for all Canadians, in the member's riding, in my riding, throughout Canada, but I am not convinced that the manner in which it is addressed in the bill is the best way, or even an effective way, to deal with the problem of auto theft. Indeed, if I were satisfied or persuaded that this type of sentencing regimen or schedule would actually result in a decrease of auto theft in Canada, I would be quite happy to speak in favour of the bill.

Our criminal justice system, which has resulted in Canada becoming unquestionably one of the safest countries on earth in which to live, properly uses mandatory minimum sentences with considerable restraint. Our system prefers an individualized sentencing approach which gives courts the discretion to fashion a sentence which is proportionate to the seriousness of the offence and the conduct of the offender, while also considering any aggravating or mitigating factors.

There are certain myths or misconceptions which surround the issue of criminal law in Canada, chief among them being that the rate of crime is on the increase or, as some feel, the rate of crime is wildly on the increase. According to statistics, the rate of crime is actually decreasing.

*Private Members' Business*

The member opposite is again likely assuming that those who engage in criminal behaviour are informed about all aspects of criminal law, including sentencing provisions. In reality, most individuals are not aware that there are minimum sentences, so to suggest or hope that minimum penalties will automatically trigger a decrease in criminal behaviour is simply not realistic.

Although it may be said that reasonable people can be discouraged by harsh legislation, reasonable people are not normally individuals who are committing crimes. Crimes are, in essence, impulsive actions committed by only certain segments of the population.

To use an analogy, when capital punishment was abolished, there were suggestions in some quarters that the homicide rate would surely increase as the harshest penalty then available was no longer the law of the land. As we all know, the homicide rate in Canada has decreased over the years.

Another example is repeat drinking and driving offences. There are mandatory minimum sentences for repeat drinking and driving offences, but these minimum sentences have not changed in 15 years. The legislation has not been changed, and yet in 15 years, significant positive steps have been taken in lowering the number of drinking and driving offenders. The rate has not decreased because punishments have become harsher. Rather, the rate has decreased through education and through increased enforcement of the law.

● (1845)

The ultimate rehabilitation of an offender offers the best long term protection for Canada and for society since rehabilitation ends the risk of a continuing criminal career. There is simply no compelling or persuasive piece of evidence that the sentencing provisions or schedule as outlined in this bill will reduce the incidence of auto theft in Canada.

As has been noted by experts at the Centre for Criminology at the University of Toronto, the literature on the effects of sentence severity on crime levels has been reviewed numerous times in the past 25 years. Most reviews conclude that there is little or no consistent evidence that harsher penalties reduce crime rates. Indeed, a more reasonable assessment of the research to date is that sentence severity has no effect on the level of crime in society.

I heard it said years ago and I still rather tend to believe it is not so much punishment which is feared by individuals, it is the fear of being caught. In my view more resources need to be devoted to the enforcement of our current laws to ensure that more and more wrongdoers are caught.

It has been said that the best deterrent to criminal behaviour is an eye witness. We need to do more at the front end of the spectrum; that is, we need to do more to detect criminal behaviour, including auto theft, and to ensure that those individuals who are caught are prosecuted according to current laws.

It is shortsighted and misleading to the public to pretend that incarcerating more and more individuals for auto theft will actually result in a decrease or a reduction. The statistics loudly tell us otherwise.

● (1850)

[*Translation*]

**Mr. Réal Ménard (Hochelaga, BQ):** Mr. Speaker, I will resist the temptation to talk about foreign affairs, even though I could have a positive influence.

First I would like to congratulate the hon. member for his initiative. He is right to remind us that auto theft is a harsh reality that harms our society. He is certainly right to want us, as parliamentarians, to discuss this reality and propose the most appropriate measures. However, I do not believe that the bill before us this evening allows us to respond to our colleague's concern. In some respects, this bill is even contradictory and inconsistent with the current provisions of the Criminal Code.

Let us start at the beginning. The Bloc Québécois has never been in favour of increasing mandatory minimum sentences. The hon. member for Windsor—Tecumseh knows that the Bloc Québécois is not in favour of this, with only a few exceptions.

Mr. Speaker, allow me in passing to wish my former colleague from Charlesbourg—Haute-Saint-Charles the best of luck. He is a brilliant man. You know that Richard Marceau is a candidate for the Parti Québécois in the riding of Charlesbourg, in the Quebec City suburbs.

As the hon. member for Windsor—Tecumseh politely but incessantly reminds me, the Bloc Québécois has supported mandatory minimum sentences before, but in one very specific context, child pornography.

For the rest, it has been well documented, both by the Toronto centre of criminology and the Université de Montréal centre of criminology. When it was time for the parliamentary committee to review and examine Bill C-10, the committee clerk, Ms. Diotte—whom I thank for her fine work—sent us some 30 studies, both American and Canadian, showing that there is no correlation between having mandatory minimum sentences, their deterrent effect and the crime rate.

We know full well that the society with the highest rate of imprisonment in the world is still the U.S., our neighbour to the south. Nevertheless, the U.S. does not have the lowest crime rate.

From the perspective of criminology, law enforcement, and the design of legislation, we do not believe that having a mandatory minimum sentence for an offence will deter individuals. Not only do we believe that mandatory minimum sentences are not a deterrent but, furthermore, we are against such sentences because they do not allow for judicial discretion.

The sacred principle in law, and the sacrosanct principle in sentencing, is the individualized sentence. Appearing before the judge are the Crown and the accused, both represented by lawyers. The truth emerges from the clash between these points of view. The judge, who must be impartial, must weigh the evidence. In some cases, the jury will do so. The judge will hand down a sentence based on the circumstances, the specific offence and the evidence presented.

This is why, in principle, we do not agree with mandatory minimum sentences.

*Private Members' Business*

There is something disconcerting about our colleague's bill. Once again, auto theft is a worrisome reality and the Association of Canadian Insurers provided some very convincing testimony in this regard. Section 322 of the Criminal Code defines theft, although it does not make specific reference to auto theft. Section 322 defines theft and Section 344, a little further along in the Criminal Code, sets out the applicable sentence.

In the case of theft of a vehicle worth more than \$5,000, the maximum sentence is 10 years' imprisonment. There are not many cars today worth less than \$5,000, as we know.

• (1855)

Our colleague has presented a bill in which the maximum sentence for second or subsequent offences is five years. Why dispense with the provisions in the Criminal Code? Even if it is not a subsequent offence, a judge is able to look at the seriousness of the offence, the context and motivations, and the history of the offender. Thus, in cases of theft of a motor vehicle, the judge may impose sentences of up to ten years.

The second problem with this bill is that it relies on fines. For the first offence there is a fine of \$1,000; for a second offence, \$5,000; and for a third offence, \$10,000. This brings up questions about the relevance of using fines in cases of vehicle theft. Obviously fines do not affect criminals in the same way. A \$10,000 fine will not have the same impact on an organized crime leader as it would on a person living in poverty. With respect to my colleague's objectives, I am not convinced that imposing fines for vehicle theft is the way to go.

In a way, would it not have been preferable for our colleague to ask us to have a closer look at the charges brought against organized crime? It is clear that, here in Canada, there are certain sectors in which organized crime is very active. This is true in the car sector and the resale of car parts. In certain areas of Canada, especially where there are port facilities, cars are brought into Canada in containers, and this is a real problem. As parliamentarians, it is our responsibility to ensure that we have the best possible detection technology within the various infrastructures, such as our ports. It is also our responsibility to ensure that we have the best investigation mechanisms.

In the past, the Bloc Québécois has been extremely concerned about the whole question of police investigations and the tools available to the police to conduct their investigations. We agree entirely with the police that they should have electronic surveillance warrants, as well as with the notion that reverse onus is possible before a court of justice, in certain circumstances in which property is obtained by crime and when that property belongs to a criminal organization.

To conclude, I would like to emphasize that my hon. colleague's motivation is certainly commendable and that this is a real problem. Every year, I read the reports from Criminal Intelligence Service Canada and from the RCMP, and I know that, in Canada, auto theft is a real problem, especially thefts by organized crime rings. However, I do not think that the bill in its current form will find any support from the Bloc Québécois caucus, given that it contradicts sections 322 and 334 of the Criminal Code.

• (1900)

[English]

**Mr. Joe Comartin (Windsor—Tecumseh, NDP):** Mr. Speaker, Bill C-343 is a private member's bill purported to deal with the issue of auto theft. What it does, as is so common with the response from the Conservative Party and the government, is introduce a simplistic analysis, although I know well-intentioned, to a reasonably complex problem.

Before I proceed, I want to raise an issue that has bothered me since I saw this bill on the order paper. The member for Regina—Qu'Appelle, who is the author of the bill, is also one of the Acting Speakers in this House. I was concerned to see a bill that I would say has, and we have seen that today, a significant degree of controversy behind it in terms of the use of mandatory minimum penalties. We also know, from the speeches that have been given so far today, that both the Liberal member and the member from the Bloc have expressed grave concern about their ability to support and do not intend to support the bill.

I had some of my staff do some research on this and it is my opinion that any member of the House who is also a Deputy Speaker or Acting Speaker should not bring forth before the House a private member's bill or a motion as part of the rotation that we all are entitled to unless it is non-controversial, it would draw or at least be expected to draw support from all the other parties and would be almost non-partisan.

My concern was further highlighted this evening when I heard the member for Regina—Qu'Appelle in his speech to the House extol the virtues of his government. He indicated quite clearly that this private member's bill was completely in keeping with the government's agenda on crime. Clearly, both in terms of the substance of the bill and then the comments this evening, they show no bipartisan approach, just the opposite.

As I said, I had my staff do some extensive research on this. The protocols are that the Speaker and the Deputy Speaker are not to introduce into the House, although they would be, as part of the rotation, entitled to do so, a private member's bill, but that the Acting Speakers can. I was not able to ascertain any protocol, either here or in other houses of similar historical background, as to whether that extended to controversial bills, which is whether Acting Speakers have the right to bring in what are clearly partisan and controversial bills. Nothing in the research that I did told me anything about that.

It would behoove this House to start a precedent in that regard, in that when the Acting Speakers are appointed by the Prime Minister that they would be directed at that time to develop this protocol, that if they are going to bring forward a private member's bill or a private member's motion, that it be one that would be fully expected to draw significant all party support of the House.



*Private Members' Business*

• (1905)

I will conclude these comments on this subject with this. The fear, of course, for us, and I say this having practised in the courts all my professional career, is that we always are concerned about appearing in the courtrooms in front of judges who are unbiased and who do not come with any conflict. We are always sensitive to judges who may have expressed a bias in one form or another and then refused to recuse themselves when challenged.

I think it is a similar type of protocol that we need to develop in sensitivity, perhaps, to bias and the appearance of bias and conflict here, because the Acting Speaker, when he or she is in the chair, has the responsibility to keep order in this House and to treat all members equitably, fairly and equally.

The apprehension that as individual members of Parliament we would have is that if we had occasion to speak against a private member's bill that had been brought forward by that same Acting Speaker, as I am about to do, it would be to expect to question and to be apprehensive as to whether I would henceforth be treated fairly by the Acting Speaker.

**An hon. member:** Come on now.

**Mr. Joe Comartin:** That is what the concern is. It is one that needs to be addressed, so I raise it at this point to do that.

With regard to the bill itself, as it is so often with bills coming from the Conservatives on crime, it comes forward well intentioned but then takes it to an extreme. It takes it over the top. That is certainly what this bill does.

This being a private member's bill, of course I am speaking only on my behalf, but I could not support this bill on second reading, even to send it to committee, because quite frankly the parts of the bill that need to be amended out of the bill would almost certainly be ruled out of order as being inconsistent with the principle and scope of the bill. I cannot support the bill. The rest of my caucus will be making their decision on their own as to what they are going to do.

We can recognize that auto theft is of serious concern, although I have to say that in a number of areas, particularly in British Columbia where this had been a rampant crime, the numbers in the last two years in fact have been dropping. I have not seen any numbers for the latter part of 2006, but in the last couple of years before that, the crime rate was actually dropping.

Setting that aside, because it is still a serious problem, the reason I cannot support the bill is that to introduce these mandatory minimums, both in terms of the fines and incarceration, is a response that, in my opinion, is going to have no impact. All the research that I have read on mandatory minimums would confirm that.

More importantly, from my perspective and perhaps from the perspective we want the community to have of this crime, it deludes our society into believing that this bill will have a positive effect in reducing the crime of auto theft. In fact, I do not believe it will have that impact because it also misses the real target we should be going after.

We know from a good deal of information that we are getting from our police services that the increase in auto theft has been driven, to a significant degree, by organized crime, both the traditional organized crime gangs and the bikers and now the street gangs. This is organized crime across that whole spectrum.

The bill does really very little to address that target group. I do not believe it does anything. Those in the target group are the ones we should be going after.

I have to say that if we look at some of the communities that have been successful, that is what they did. They used a dummy car to catch people. They have done a number of interesting and effective mechanisms, which they had already within their investigative tools, to catch the criminals. They have specifically tried to target the gangs. When they have done that, they have driven down the occurrence rate quite significantly.

I know from your signal, Mr. Speaker, that my time is up. Again I want to reiterate that, although well intentioned, this bill does not accomplish at all what it is intended to do. I would be voting against the bill on second reading.

• (1910)

**Mr. Dave Batters (Palliser, CPC):** Mr. Speaker, it is my pleasure to rise today on behalf of my constituents in Palliser to speak to Bill C-343, An Act to amend the Criminal Code (motor vehicle theft), which will toughen penalties for car theft.

Before I begin my remarks, I would like to talk about my colleague from Regina—Qu'Appelle, who of course is an excellent Acting Speaker. This is his chance to rise on behalf of his constituents on an issue of great importance in his riding and to deal with a subject of great importance to him. For the member for Windsor—Tecumseh to impugn his future fairness in decisions is way over the top. He is certainly very capable of balancing his role as an elected member of Parliament representing his constituents and his duties sitting in the chair.

Canadians have a right to feel safe in their homes and on their streets. That is why our government has taken tough action since being elected more than a year ago to crack down on dangerous offenders and to make our communities safer.

However, Canadians also have a right to be protected from car theft. Bill C-343 does that by toughening penalties for criminals who steal cars.

The member for Regina—Qu'Appelle has brought forward an important issue worthy of debate as to whether to create a new distinct offence for motor vehicle theft. Under the current law, a person who steals a motor vehicle is normally charged with theft over \$5,000.

After they gutted Bill C-9, we know that the Liberals and the NDP think house arrest should be a sentencing option available to judges. Conservative members strongly disagree.

Bill C-343 would create a separate distinct offence with enhanced penalties for motor vehicle theft. Bill C-343 would amend the Criminal Code so that everyone who steals a car will be subject to jail time or a fine or both. These punishments increase if the person steals subsequent cars.

*Private Members' Business*

These reforms are essential. Stealing a car is a serious crime. It is critical that this bill be referred to the appropriate committee so these proposed punishments can be debated. Certainly not all members in the chamber will agree on the specifics of the punishments, but they should at least support the bill on its merits of getting tough on car theft, get it to the appropriate committee and have that discussion there. My colleague from Regina—Qu'Appelle has said that he is certainly open to amendments.

Bill C-343 would help deter car thieves because it promises swift and certain punishment. The importance of that cannot be overstated. Of course we need better social programs and we need to work with the youth who are most likely to commit these types of crime, but as part of that strategy, someone who steps outside the law needs to be punished.

This bill would also help those who prosecute car thefts by creating a distinct offence for motor vehicle theft. A problem currently facing the courts is that very often a prosecutor is unaware that the offender is a career car thief. Normally the offender is simply charged with theft over \$5,000 and there is no indication on the record as to the type of property that was stolen. The result is that the prosecutor and the judge do not know if they are dealing with a prolific car thief or someone involved in organized crime. The creation of a distinct offence would help to give the courts a clearer picture of the nature of the offender for bail hearings or sentencing.

It is clear from looking at the statistics that we need to reduce auto theft in Canada. In 2003 there were over 130,000 automobiles stolen in Canada. That is roughly one car stolen every three minutes. Car theft costs Canadian insurers over \$600 million a year or \$43 a year for every insurance policy. It is further estimated that other costs such as health care, courts, policing and out of pocket costs such as deductibles also cost Canadians another \$400 million per year.

The real crime that occurs when a car is stolen goes far beyond the loss of property and the financial cost to replace it. Having a car stolen is a serious breach of personal security and a violation of one's right to own personal property. This is not a victimless crime. For those Canadians who rely on cars to get to work or school or drive their children to hockey practice or swimming lessons, having a car stolen can be disruptive and devastating. We as a society cannot stand idly by while this happens.

● (1915)

There is also the threat to public security and safety when a car is stolen. Very often auto theft leads to dangerous driving which can result in serious injury and death to police officers, the accused or innocent bystanders.

A study carried out by the national committee to reduce auto theft reported that between 1999 and 2001, 81 people were killed as a result of auto theft and another 127 people were seriously injured.

We also know that auto theft is not just kids taking cars out for a joy ride. It is also part of the way that gangs and organized crime profiteer while terrorizing ordinary citizens. Because of this, the recovery rate for stolen cars is on the decline. We also know that gangs target young people to commit car thefts.

In 2002, 40% of persons charged criminally for stealing a motor vehicle were between the ages of 12 and 17. Organized vehicle thefts

rely on the legal system to be lenient with young offenders and when apprehended, young offenders are unable to identify other members or senior members of the theft ring.

Motor vehicle theft is an ideal recruitment tool for organized criminal groups. Research shows that youth, whose first offence is motor vehicle theft, are most at risk of continuing along the career criminal path. We need to take better action to prevent this and that is exactly what Bill C-343 will do.

Our government is committed to getting tough on crime. In fact, we have introduced a number of pieces of legislation designed to do just that.

Bill C-10 was introduced to ensure that criminals who use guns in the commission of an offence receive a very serious sentence with escalating mandatory minimum penalties.

Bill C-19 introduced by our government created five new offences to combat street racing and also provided for mandatory minimum periods of driving prohibitions. I am proud to say that this bill is now law.

Despite claims from the opposition parties that they will act and get tough on crime, we have not seen evidence of this in the House. The Liberals have declared that they are fighting Bill C-10. The Liberals and the NDP worked together to gut Bill C-9, an important piece of government legislation designed to eliminate house arrests for arsonists, car thieves, and those who commit break and enter.

The opposition parties are soft on crime. They do not like to hear it, but it is the truth.

In addition to introducing legislation our Conservative government has committed significant financial resources to crime prevention. Budget 2006 allocated \$20 million over two years for communities to help prevent youth crime with a focus on guns, gangs and drugs. That is our government's record on getting tough on crime.

We have taken real action and our tough on crime agenda has the support of Canadians and certainly the people in Regina and Moose Jaw, and throughout the great riding of Palliser. Part of the reason that there is such widespread support for getting tough on crime in Saskatchewan is that we have a provincial NDP government that has one of the worse records in the country when it comes to crime. It made a promise in 1999 to hire 200 new police officers. It never did; it broke its promise.

Saskatchewan's overall per capita crime rate is higher than Ontario's. Saskatchewan has the highest homicide rate and the highest rate of violent offences of any province per capita. It also has the highest rate of break and enter in Canada. Regina, which is part of my riding of Palliser, is the second most crime ridden city in Canada and Regina has the highest number of car thefts per capita in Canada.

*Private Members' Business*

I guess the member for Regina—Qu'Appelle is going to bring this forward when he has a chance to present a private member's bill. That is shocking and totally unacceptable that we have the highest number of car thefts in Canada.

While the recently introduced Regina auto theft strategy has helped to decrease the rates of auto theft in the city, the numbers are still too high and more decisive action must be taken.

That is what this bill does. That is why I am proud to second the bill put forward by the hon. member for Regina—Qu'Appelle. Toughening penalties for car theft is the right thing to do. It is another step that our government is taking to get tough on crime. That is what the residents of Palliser and Canadians across the country have asked for.

We all have a right to feel safe. Enough is enough. It is time to take action to stop people from stealing automobiles.

• (1920)

[Translation]

**Mr. Mario Laframboise (Argenteuil—Papineau—Mirabel, BQ):** Mr. Speaker, I am happy to take part in the debate on Bill C-343, An Act to amend the Criminal Code (motor vehicle theft).

I can say right off the bat that the Bloc Québécois will vote against this bill. I will use the few minutes I have to try to explain the position of the Bloc.

Right now, in the Criminal Code, car theft is treated as any other theft, that is as a crime against property punishable by different penalties according to the value of the stolen goods. When an individual steal a motor vehicle whose value exceeds \$5,000, the offence is punishable by a maximum prison term of 10 years. If the value of the vehicle is less than \$5,000, the offence is punishable by a maximum of two years of imprisonment. Light sentences are usually imposed on car thieves and repeat offender rate is high. That is the reality.

Some people would have us believe that minimum sentences and minimum fines could solve the problem of theft. My colleagues from the Conservative Party are mistaken. The repressive system they have in the United States does not reduce the number of offences that are committed. Quite the contrary, the crime rate is higher in the U.S. Reality is very quickly catching up with them.

We need to have faith. We did not create our justice system. What we are trying to do here in this House is make the system better. It was our fathers, grandfathers and great-grandfathers who created the system.

The justice system they created called for punishment that fit the crime. The justice system has a certain balance. Our parents and grandparents and their parents before them chose the very values and foundation of our society. It is a societal choice that was left to us by our ancestors.

Today, because the government is not happy with how the courts make certain decisions—often because they have been highly publicized—it wants to reform the entire legal system. That is what the Conservative Party wants to do: replace judges with minimum sentences. This is just the opposite of what our ancestors wanted.

In Quebec, the people who came before us did not bequeath this type of legal system to us. They left us a system based on equity and the judiciary. We trust in our judges to impose punishments that fit the crime.

The bill does not address certain dichotomies. As I explained earlier, the maximum punishment for thefts of vehicles worth \$5,000 or more is 10 years in prison. The bill seeks to reduce the maximum prison term to five years. It sets minimum sentences and reduces maximum sentences.

It is important to understand that the society that was bequeathed to us wants balance, with a justice system based on the judiciary. We have to leave it up to the judges to hand down decisions. There are precedents. There are people who came before us. A whole framework has been put in place. The members of the judiciary do their job very well. We can discuss and argue about court decisions, but every case is unique. It is impossible to make all criminals fit the same mould.

The bill imposes minimum fines of \$1,000 for a first offence and \$5,000 for a second offence. Usually, people who steal cars do it because they do not have enough money to buy one. Even if we include minimum fines, car thieves who do not have the means to buy a car will not have the means to pay the minimum fine. They will face community work, fine option programs and prison sentences because they do not want to pay. We will have to put them in prison. The prison population will increase.

The law and order policy the Conservative Party is trying to sell us on makes no sense. It makes no sense when you think of the huge amounts of money that will be spent on the penal system. That is what will really happen if the Conservative Party brings this in.

What I just mentioned is only one example. A simplistic bill has been tabled to say that too many motor vehicles have been stolen. Regardless of the punishment associated with auto theft, if there are cars to be stolen and if people can make money selling car parts, there will always be criminals willing to do it. Mandatory sentences will not put the brakes on this system.

• (1925)

We have to be able to supervise people. Rather than focussing on punitive measures, we need a rehabilitation system. We need tools to take care of young people because these are juvenile delinquents who hate society for all kinds of reasons and who will do anything to stand out. They often get involved in bad stuff like auto theft.

We have to try to identify these people and invest in rehabilitation, in people who work with juvenile delinquents, in street workers. We have to try to stop young people from getting involved in criminal activities. That will definitely not happen by increasing sentences.

The Bloc Québécois has never changed its position on this issue. Every time the government tries to impose minimum sentences, it interferes with the judiciary and judges' decisions.

It comes as no surprise that the Conservative Party, given what it is doing with the judiciary, given that it sees that these minimum sentencing bills—

**The Deputy Speaker:** Order.

*Private Members' Business*

The time provided for the consideration of private members' business has now expired, and the order is dropped to the bottom of the order of precedence on the order paper.

[*English*]

It being 7:26 p.m., the House stands adjourned until tomorrow at 2 p.m. pursuant to Standing Order 24 (1).

(The House adjourned at 7:26 p.m.)

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