



CANADA

House of Commons Debates

VOLUME 136 • NUMBER 079 • 2nd SESSION • 36th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Wednesday, April 5, 2000

Speaker: The Honourable Gilbert Parent

CONTENTS

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

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HOUSE OF COMMONS

Wednesday, April 5, 2000

The House met at 2 p.m.

Prayers

• (1400)

[*Translation*]

The Speaker: As is our practice on Wednesday, we will now sing O Canada, and we will be led by the hon. member for Sackville—Musquodoboit Valley—Eastern Shore.

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

STATEMENTS BY MEMBERS

[*Translation*]

CANADIAN ECONOMY

Mr. Jacques Saada (Brossard—La Prairie, Lib.): Mr. Speaker, Canada's economic upturn is indeed a reality.

According to a recent Statistics Canada report, the gross domestic product rose 0.5% in January. This is the 18th month in a row in which there has been an increase, the longest uninterrupted series since 1961, when the GDP began to be measured.

The economic and budgetary choices made by the Liberal government are now bearing fruit. Despite the opposition raised, of course, by the opposition, we have done the job. There are now some truly concrete results.

Everyone, including the opposition parties, is clearly forced to acknowledge that we have come a long way from the distressing situation of 1993.

The results are great, but what is still more important is that they are so full of promise and of hope for everyone in Canada.

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[*English*]

EMPLOYMENT INSURANCE

Mr. Dale Johnston (Wetaskiwin, Canadian Alliance): Mr. Speaker, thanks to the government's tax them until they

drop policy, the EI surplus will hit a whopping \$35 billion this year.

Since only about \$15 billion is needed as a hedge against a recession, Canada's premier payroll tax will be used to fund the government's pre-election spending spree. Workers and small businesses who struggle to feed this government's insatiable appetite for taxes are outraged that their EI premiums will be used to prop up Liberal electoral fortunes.

Debt reduction and tax relief are needed immediately to stop the brain drain and to stem the exodus of our homegrown industries. But these Liberals are so out of touch with reality that they think they can buy the hearts and votes of Canadians by simply reversing the changes they made to the EI rules.

Canadians want lower taxes and real jobs, not make work projects, grants or EI. Liberals are not going to give that to them, but a Canadian Alliance government would make it a priority.

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[*Translation*]

FRANCOMANIA

Mr. Yvon Charbonneau (Anjou—Rivière-des-Prairies, Lib.): Mr. Speaker, I wish to congratulate the team at www.francomania.ca, who have just won an award, the Mérites du français dans les technologies de l'information 2000, in the category of Internet site in French and encouragement of the use of French in cyberspace. This is one of the awards given by the Office de la langue française of the Government of Quebec, as part of the festivities for Francofête 2000, the week celebrating French and the Francophonie.

Francomania doubly deserves congratulations, for it also won the Grand Prix Boomerang in December 1999 in the category of Internet site, cultural product. Francomania was created at the time of the 8th Francophone Summit in Moncton and the Year of Canadian Francophonie, by and for young francophones aged 16 to 25.

This recognition of the excellent work done by this team is a victory for the development of the Internet in French, an honour shared by its partners: Radio-Canada, the Department of Canadian Heritage and Industry Canada.

S. O. 31

• (1405)

[*English*]

COASTAL SOUND MUSIC ACADEMY

Mr. Lou Sekora (Port Moody—Coquitlam—Port Coquitlam, Lib.): Mr. Speaker, I really enjoyed listening to the musical choir of the Coastal Sound Music Academy on Saturday evening in my constituency.

The students in the choir range from 5 to 19 years of age. Ms. Donna Otto is the musical director. I applaud the efforts of Ms. Otto and the students of the Coastal Sound Music Academy.

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ABORIGINAL AFFAIRS

Mr. Derrek Konrad (Prince Albert, Canadian Alliance): Mr. Speaker, yesterday members of the House had the opportunity to give rank and file Indians an effective tool that would enable them to hold their band leaders accountable for their actions.

My colleague, the hon. member for Wild Rose, had created a bill called the first nations ombudsman act that had the potential to empower Canada's most powerless people, those who live on reserves. The legislation was launched after extensive coast to coast consultations with grassroots aboriginals and was supported by them.

Last night the aspirations of those people were crushed when the Liberal, Bloc and New Democratic parties ganged up to defeat the legislation. Members of those parties have forgotten that the primary goal of government is to protect and serve the people.

Grassroots aboriginals will not forget this setback. Their struggle for accountability will go on and members of the alliance will continue to support them.

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[*Translation*]

IRINI MARGETIS

Ms. Raymonde Folco (Laval West, Lib.): Mr. Speaker, on February 26, the Navy League of Canada awarded the title of sea cadet of the year 1998 to Irini Margetis, a young woman from the riding of Laval West, who has been a model of exemplary behaviour for the cadets in her charge.

Through her perseverance, self control and leadership, she inspired the young people in her charge and carried on the mandate of the sea cadet movement with young Canadians.

Thanks to the initiative and work of people like Irini Margetis, young people become Canadians better prepared to take an active role in our country.

BERNARD LAJOIE

Mr. Yves Rocheleau (Trois-Rivières, BQ): Mr. Speaker, on March 26, the night of the Oscar awards the people of greater Trois-Rivières swelled with pride.

Bernard Lajoie, the son of one of Trois-Rivières' best known families, gained world recognition for his work when the film *The Old Man and the Sea*, which he produced with Tatsuo Shimamura of Japan and Alexander Petrov of Russia, was awarded an Oscar as best animated short.

In addition, having won the Jutras award for the best film in its category a month ago, this work, inspired by Ernest Hemingway, is destined to have a brilliant international future. Indeed, it is already playing in four languages, and some twenty countries are expected to soon fall under the spell of this Quebec production.

It is therefore with pride that the people of Trois-Rivières and the Mauricie will welcome Bernard Lajoie himself, who will honour us with his presence at a showing of his film at the Trois-Rivières ciné-campus.

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[*English*]

MISSISSAUGA SOUTH ESSAY CONTEST

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, each year I have the pleasure to co-sponsor an essay contest for primary school students in Mississauga South. The topic for this year's contest was "The Place I Would Most Like to Visit".

Today I am pleased to congratulate Ms. Sandra Falcone, the grand prize winner, who is here this afternoon with her sister Lucy to present her winning essay to the Prime Minister.

Sandra wrote an inspirational essay about what she describes as the magical land of Prince Edward Island. From Anne of Green Gables, to beautiful historic sights and landscapes, to potatoes, Sandra's essay painted a beautiful picture of one of Canada's great treasures.

Thank you, Sandra, for sharing your artistic work with us. Canada is indeed full of treasures from sea to sea to sea.

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ERIC BISHOP

Mr. Eric Lowther (Calgary Centre, Canadian Alliance): Mr. Speaker, the sports community across Canada and all of Calgary bids farewell to a legend today.

Mr. Eric Bishop, an institution in Calgary for decades, passed away last week. Today is the day that his legion of friends will gather to reminisce and swap stories about one of sport's most colourful and insightful media personalities.

Eric Bishop was born in Lacombe, Alberta 74 years ago and very early on established himself as a pillar in the sports world.

To quote George Hansen, “One way or another, everyone knew who Eric Bishop was”. He was one of the best broadcasters to ever sit in front of a microphone and one of the most insightful sportswriters to ever sit at a typewriter. We all have our own idea of what heaven will be like. Those who knew Eric Bishop say that for him, there will be green felt covered tables, plenty of good cigars, unopened fresh decks of cards, and rooms full of family, friends and fans.

• (1410)

Our sincere condolences to his loving wife Joan, their seven children and nine grandchildren. He enjoyed life and was a good man who was well loved by all who knew him. He will be missed.

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VIMY RIDGE

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, Vimy Ridge, April 9, 1917: Canada’s nationhood was forged by the tremendous efforts of its soldiers. More than 66,000 Canadians died in action or of their wounds after the war, more than one in ten of those who had worn uniforms.

There are many memorials to this great battle of the first world war, from a simple stone plaque on the west side of this building near the Speaker’s entrance, to the grand Canadian National Vimy Memorial in France which took 11 years and \$1.5 million to build. At the base of the memorial in English and French are these words:

To the valour of their countrymen in the Great War and in memory of their sixty thousand dead, this monument is raised by the people of Canada.

Whether grand or modest, in English or in French, one thing remains true: the respect that we must show for those who fought and were wounded. I would ask all members to remember the veterans of the first world war and of this battle on the anniversary of Vimy Ridge.

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UNITED CHURCH OF CANADA

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I rise today to express the objection of the NDP to the fact that Canada Post has turned down a request to issue a stamp in honour of the 75th anniversary of the United Church of Canada.

Census figures show that almost three million Canadians identify themselves as United Church members. Refusing a stamp that so many Canadians could relate to shows bad judgment at best on the part of the stamp advisory committee or at worst, more evidence of

S. O. 31

what one United Church spokesperson has called “the tendency to marginalize the place of an historic Christian communion in the cultural life of the nation”, in this case, the largest and most uniquely Canadian Protestant denomination in Canada.

I urge my former colleague, André Ouellet, chairman of Canada Post, to right this wrong against the United Church and restore some perspective to the issuing of commemorative stamps.

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[*Translation*]

VIOLENCE ON TELEVISION

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, today, I am pleased to introduce in the House the first bill aimed at reducing violence on television.

On December 18, 1992, Virginia Larivière, who was 13 years old at the time, delivered a petition to the government bearing the signatures of 1.3 million people calling for legislation against violence on television. This was a reflection of the desire of Quebecers and Canadians to take the necessary steps to reduce violence on the small screen.

As far back as 1993, the television industry created a voluntary code on violence on television. Among other things, it refused outright to show gratuitous violence. As well, programs containing scenes of violence intended for adult audiences were not to be broadcast before 9 p.m.

Today we are forced to acknowledge that this approach appears not to have resulted in any reduction in the amount of violence being shown on television. That is why action must now be taken.

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[*English*]

HOUSING

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, April is New Homes Month, an annual Canadian Home Builders’ Association event. For Canadians it is a good time to buy because our government has created a solid economic foundation through our deficit and tax reduction plans and low inflation rate.

In my riding of Kitchener Centre, building permit construction values are at a \$190.8 million high. Over the past four years housing starts have ranged from 769 to 1,057 new units.

For decades CMHC has been helping Canadians become homeowners through its mortgage loan insurance plan which allows purchasers to buy with as little as a 5% down payment and by providing information to help sort through the choices and decisions involved in buying a home.

Oral Questions

I encourage Canadians to visit the Canadian Housing and Information Centre and CMHC's website. One in twelve Canadians are directly or indirectly employed in the housing field. No other Canadian industry has such a large impact on our economy.

CMHC is committed to helping improve the quality of life in communities across the country.

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CANADIAN CANCER SOCIETY

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, the Canadian Cancer Society has been working to eradicate cancer and better the lives of sufferers for more than 60 years. It is the single largest provider of money for cancer research in Canada. It supports the work of doctors and researchers across the country who seek to improve treatment methods and increase survival rates.

In 1999, 130,000 new cases of cancer were diagnosed in Canada and 64,000 Canadians died of the disease.

• (1415)

As we begin April, the Canadian Cancer Society's campaign month, please join me in wishing the society all the best in its fundraising activities, and in congratulating doctors and researchers in Canada for recent and continued progress in cancer research.

ORAL QUESTION PERIOD

[English]

CANADA DEVELOPMENT CORPORATION

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the finance minister sat on the board of the Canada Development Corporation during the years that its subsidiary, Connaught Laboratories, was importing tainted blood products from the U.S.

After we raised this issue last spring, the ethics counsellor launched an investigation which took him to the new owners of the CDC in Calgary. Strangely, a finance official went along. Why?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Finance referred the problem to the ethics counsellor. A spokesman for the office of the ethics counsellor told journalists that the examination of the matter was conducted without any trace of interference by anyone.

They had to look at all the files and they had to check with every department, which included the Department of Finance. They have done that and there will be a report by the ethics counsellor.

I said before, and I will repeat to the House of Commons, that I know there was absolutely no conflict of interest with the Minister of Finance.

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, I do not agree.

Any cabinet minister who had even the slightest involvement with the blood products industry in the eighties would have been in conflict sitting at the cabinet table when they were discussing compensation packages for tainted blood victims.

The finance minister sat on the board of a company whose subsidiary was cited by the Krever commission for 10 counts of misconduct.

The minister must be concerned about what is in those minutes and why they are being sat on. Why else would he send a finance official to Calgary along with the ethics counsellor?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Department of Finance, like any other department, had to be consulted to make sure that all the facts were known.

There were no demands or instructions by the Minister of Finance to send anyone there. The ethics counsellor wanted to have some information from every department, including the Department of Finance. The information was provided to the ethics counsellor by the official of the Department of Finance, as requested by the ethics counsellor himself.

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, one would think the Department of Health might have gone along for the ride too.

The finance minister had a huge interest in boosting profits at Connaught Laboratories during the year it imported tainted blood from U.S. prisons.

Years later he sat at the cabinet table and denied the victims of that tainted blood scandal the right to compensation from his government.

While they discuss it over there, this is clearly a conflict of interest and he knows it. We can see that. Is that not the real reason he is so concerned about these minutes?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is always the same thing.

This company was not a company with shares. It was a Canadian government corporation and the Minister of Finance, if he had any shares, had shares for qualification purposes only. There was absolutely no profit to be made by the Minister of Finance in his participation on the board of this corporation.

Mr. Preston Manning (Calgary Southwest, Canadian Alliance): Mr. Speaker, the ethics investigators went to Calgary to

Oral Questions

investigate a conflict of interest situation involving the finance minister, Connaught Laboratories and the Canada Development Corporation.

They must have found something interesting because we know from a memo concerning that investigation that they faxed copies of certain CDC minutes to the finance department, but when we asked for this information under an access to information request the finance department denied that it had such minutes.

What is it that the finance minister does not want us to know about this conflict of interest?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I hope that the deal cooked up by the Reform Party yesterday which led to the withdrawal of one of the candidates because of pressure under the table does not distract the hon. member. He should be the last to talk about lessons of ethics today.

I said that it was a crown corporation. The Minister of Finance was a private citizen. He was sitting on the board. There was absolutely no possibility for him to make any profit for himself.

• (1420)

Mr. Preston Manning (Calgary Southwest, Canadian Alliance): Mr. Speaker, the memo from the office of the ethics counsellor dated July 6 noted that finance had undertaken to provide relevant documents should they come into its possession.

It then said "Finance cannot omit that we did fax a copy of the CDC minutes, and should work on the basis that it is probably known we faxed the minutes to them".

It is known that finance had these documents which shed light on this conflict of interest situation. Why then on July 8, in response to our access to information request, did finance deny having any—

The Speaker: The Right Hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, all of the documentation that was needed has been given to the ethics counsellor, and I said that the report would be made public.

I understand that members opposite love dirt. They like to throw dirt. No wonder they decided that their name was to be Canadian C-R-A-P.

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[Translation]

HEALTH

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, not satisfied with interfering in the provinces' jurisdiction over health, the Minister of Health has decided that education will be his next target, and wants to have a say in the training of nurses.

When will the minister understand that what the provinces want him to do is restore transfer payments to their 1994 level?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the Government of Canada recognizes that Canada's health care system is facing challenges.

Last week, I met with my provincial counterparts to discuss a joint approach to these important challenges. It is in this spirit that we must continue to raise questions and propose solutions together, in order to have a health care system that can meet the needs of Canadians.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, this minister has no expertise in health administration. It is not the federal government that is looking after hospitals or direct services to the community. They have quite a nerve telling us what to do. The only hospitals run by the federal government are army hospitals, and they are in a mess.

The question is a very simple one. The federal government cut transfer payments to Quebec from 29% to 13%. When is it going to restore the money it cut the provinces?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I would like to repeat in French what I have said on more than one occasion in English: in 1993-94, provincial transfer payments were \$28.9 billion; in 2000-01, they will be \$30.8 billion.

Some hon. members: No, no.

An hon. member: That is false.

Right Hon. Jean Chrétien: In addition, Quebec qualifies for equalization payments. These were \$8.6 billion—

Some hon. members: Oh, oh.

Right Hon. Jean Chrétien:—and in 2000-01, they will be \$9.5 billion.

Some hon. members: Oh, oh.

The Speaker: Order, please. I would ask hon. members to listen to the answer.

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, yesterday the Minister of Health made a statement confirming once again Ottawa's desire to invade provincial jurisdictions.

What kind of claim is the minister making to justify his meddling in the field of training? What claim is he making?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the delivery of health care services is a provincial matter. But the health care system itself is a national concern.

Oral Questions

Some hon. members: Oh, oh.

Hon. Allan Rock: The Government of Canada has a role to play in this area. We intend to honour our responsibilities.

Some hon. members: Oh, oh.

Hon. Allan Rock: What I suggested to my counterparts last week and will do so in the future is that all governments, including the Government of Canada, work together to develop a co-ordinated approach to all these problems.

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, Quebec is not fooled by the intentions of the Liberal government in Ottawa.

• (1425)

Can the offensive of the federal government not be explained by the fact that it is using money accumulated on the backs of the provinces through its cuts in order to unfairly invade their jurisdictions?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, we are not talking here about meddling in areas of provincial jurisdiction. The Government of Canada has an important role to play in this area and we intend to play it.

[*English*]

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, pharmaceuticals represent the fastest growing cost in health care—\$13 billion last year, which is more than we spent on doctors.

The National Forum on Health recommended that drugs be included as part of our health care system, publicly funded.

Given the government's promise to bring in a plan for pharmacare, where is the plan?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, in the election of 1997 we made an undertaking which we are respecting. In the red book that year, during the election campaign, we undertook in this mandate to develop a plan and a timetable for pharmacare nationally.

That is exactly what we are doing. In fact, last year we convened a national conference on the question of pharmaceutical coverage, brought all the stakeholders together, amassed all the relevant information, and began building the framework toward a plan. We are working toward that now and by the end of this mandate we will have achieved our objective.

Ms. Alexa McDonough (Halifax, NDP): Mr. Speaker, the government's talk about a pharmaceutical or pharmacare plan has been absolutely vacant. It has been virtually silent. The government's main strategy for health care seems to be to delay.

Why did the minister not bring forward a plan for pharmacare at the Markham meeting? If there is a plan, where is it? What is the government waiting for?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, as I said, our undertaking was to develop a plan and a timetable by the end of this mandate, and we will do that.

With respect to Markham, try as I might to introduce the subject of substantive health policy renewal, the minister of health for Ontario, for example, refused to discuss it. Being on a tight script provided by Premier Harris, she insisted on speaking only about dollars.

Perhaps the NDP thinks the problems can be solved by dollars alone. We on this side of the House know it will take good planning too, and that is what we want to achieve.

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TRANSPORT

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, my question is for the Minister of Transport.

The ship brokerage community operates internationally but is relatively small in numbers. Those in the community tend to know each other. However, nobody seems to know who brokered the deal for the new gulf ferry for Marine Atlantic, and Marine Atlantic will not give out that information.

Will the Minister of Transport tell us why Marine Atlantic is so determined to keep this information hidden?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, Marine Atlantic is determined to negotiate the best deal possible for the Government of Canada to get a new ferry fast on the gulf service.

That is the priority and we have every confidence in the chairman, Captain Sid Hynes, of the Marine Atlantic board, who knows the shipping industry, to get the best deal so that we can get the ferry up and running.

It seems to me that the Conservative Party is more intent on making political points than getting passengers served this summer on the gulf.

Mr. Norman Doyle (St. John's East, PC): By George, I smell a rat here, Mr. Speaker.

We have information that if the identity of the broker on this transaction were known there would be an immediate perception of a conflict of interest. Will the minister tell us who the broker is? Will he assure us that there is no conflict of interest, either on the part of a person or persons in Marine Atlantic, or on the part of any member of the government?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, we are absolutely satisfied that all of the normal procedures have been followed.

Oral Questions

The hon. member says that he can smell a rat. Perhaps he is talking about rats leaving a sinking ship, the caucus members from the Tory party abandoning that party.

* * *

• (1430)

CANADA DEVELOPMENT CORPORATION

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, in May 1999 we submitted an access to information request asking for minutes from CDC that would show if the minister were involved in the tainted blood scandal.

A memo on July 6 showed that these minutes had been faxed from the ethics counsellor to the Department of Finance. Let me quote from that memo. It says:

We did fax a copy of the CDC minutes we received from Nova Corporation. She should work on the basis that it is publicly known we faxed the minutes to them.

In other words, the ethics counsellor warned the finance department that it had these potentially explosive documents in its possession. Why did the minister not release these documents to the opposition and to the public?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the CDC was a government owned corporation. It was a corporation as well that was involved with the Department of Finance, the Department of Industry and a number of government departments throughout the eighties, long before this government took office.

Because the company involved was a subsidiary of a subsidiary of the CDC, companies which had been sold, in order to find those minutes an exhaustive investigation was required, which I believe is still ongoing but I believe now very close to completion.

The Department of Finance was one of the departments that was involved but it was all handled by public servants.

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, the rest of the relationship between the finance minister and these corporations will be explored later on. Right now what we are talking about is the finance minister's own department.

On July 8, two days after the ethics counsellor had warned the finance department that it had those documents in its possession, the very same finance department wrote back to us and said the following:

I must inform you that after a thorough search no records were found to respond to either of your requests.

Why did the finance department deny that it was in possession of these crucial documents when these documents were sitting on the finance department's desk?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, for obvious reasons as the ethics counsellor continued his investigation into this matter I was not informed and was not kept up to date.

Therefore, I really cannot answer the question except to say to the hon. member the documentation that was largely existing in the finance department was not of a kind that would convey any such information. That is why the investigation had to go beyond the finance department into a whole series of other government departments and agencies.

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[Translation]

HUMAN RESOURCES DEVELOPMENT

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, we have asked a considerable number of questions about Placeteco. The President of Treasury Board even gave some thought to placing Human Resources Development Canada under trusteeship. However, she finally decided, no doubt so as to spare her colleague at HRDC further embarrassment, just to send over one of her employees to provide some monitoring of the situation.

Can the President of Treasury Board tell us whether that person has looked into the Placeteco case and made a report to her on it?

Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, I would point out to begin with, if I may, that the hon. member's introductory remarks are incorrect.

Treasury Board has available to it a series of tools for controlling this government's expenditures, including providing opinions and advice to departments and providing them with experts. It can even go so far as to withdraw delegation of authority.

Before selecting the appropriate tool, however, we assess not only the scope and origin of the problem but also, and above all, the department's ability to deal with it. The Department of Human Resources Development was fully capable of dealing with the present problem.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup—Témiscouata—Les Basques, BQ): Mr. Speaker, even the President of Treasury Board is refusing to answer our questions on Placeteco.

At any rate, as the Minister of Indian Affairs suggested yesterday in connection with another matter, I have written to the solicitor general asking for an investigation into the Placeteco matter. Can the solicitor general give me the assurance that he will follow up on

Oral Questions

my letter and take the appropriate steps to launch an investigation into Placeteco in order to finally bring the facts out in the open?

[English]

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, what I can do is to indicate to my hon. colleague that I will read the letter and respond to him.

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CANADA DEVELOPMENT CORPORATION

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Mr. Speaker, the issue of the finance minister having found himself in a potential conflict of interest due to his past directorship with the Canada Development Corporation is hardly new.

• (1435)

On May 25, 1999, when questioned in the House he replied, and I quote from *Hansard*:

I would be delighted to have whatever papers could be made available to be made available.

We now know that his department had copies of CDC minutes by July 8 yet replied to our request that it did not. Why did the Minister of Finance not keep his word to the House?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, it is my understanding, and I would ask the hon. member to verify this with the ethics counsellor, that the ethics counsellor will make all documentation available when he makes his report.

Mr. Jay Hill (Prince George—Peace River, Canadian Alliance): Mr. Speaker, we are talking about documentation sent by the minister's own department. Reading once again from *Hansard*, May 25, 1999, at page 15255, the Minister of Finance stated:

I have asked my officials to look at our papers but at the present time we have found nothing.

We know the Department of Finance had a faxed copy of the CDC minutes by July 6 yet on July 8 advised that it did not possess these documents.

Six weeks after the finance minister said they had found nothing, they still said they had found nothing. Did they conveniently lose the documents, or did they fail to obey the finance minister's instructions?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, it is absolutely ludicrous what they are doing. Here is a problem dating from years before we formed the government, when the Minister of Finance was serving on a board where he had no shares. It is related to a subsidiary of a subsidiary. He himself asked me to ask the ethics counsellor to look into it and he is doing that at this time.

They want to stir up something based on nothing. Let us wait for the report. The report will be made public. I have discussed this with the Minister of Finance and he has absolutely no conflict of interest.

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[Translation]

FISHERIES

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, there is concern that the fishers in Quebec are paying for the agreements the federal government is about to sign with the first nations of the maritimes, and the minister's responses in the House have provided no reassurance.

Could the Minister of Fisheries and Oceans reassure the fishers in the Gaspé by confirming for them unequivocally that the licenses to be bought back from Quebec fishers will be given to native fishers in Quebec and not in other provinces?

[English]

Hon. Harbance Singh Dhaliwal (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the hon. member has all his facts totally wrong. He should do his research and then he would get to the facts.

It is very interesting that we have heard in the House from opposition members about the social problems with our aboriginal communities on the reserves, but when it comes to solutions they do not want to be a part of the solution. They want someone else to be part of the solution.

Do they really care about aboriginal people? Are they really interested in helping them? From the questions I hear, I do not think so.

[Translation]

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, once again the remarks of the minister provide no assurance, but I would first have him understand that he must consider the human factor in the impact of his decisions.

My question is very simple question: will he commit to ensuring that Quebec fishing quotas remain with Quebec residents and protect the fish plant jobs in Quebec?

[English]

Hon. Harbance Singh Dhaliwal (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, that is the parochial view of this member and his party. They want to make sure that no one else can benefit.

To ease the hon. member's concerns, I can assure him that the quota acquired in Quebec will go to Quebec bands. Is he against that? If he is, he should stand and tell us.

Oral Questions

● (1440)

CANADA DEVELOPMENT CORPORATION

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, the Minister of Finance has denied that CDC was connected directly to Connaught. In fact, on February 5, 1985, when the Minister of Finance was on the board of directors of CDC, CDC cut a \$4 million cheque for a blood fractionation plant for Connaught Labs.

When the board of directors authorizes a \$4 million cheque it is pretty hard to believe that someone on the board would not know what it was for. How can the minister deny that he did not know what Connaught Labs was doing with the \$4 million?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, Connaught was a subsidiary of a subsidiary of the CDC. Also there were joint ventures involved.

If the hon. member had sat on boards he would understand that it is quite conceivable that kind of thing might or might not have come about. The fact is that the whole matter has been referred to the ethics counsellor who has conducted a thorough investigation. We are all looking forward to his report.

Mr. Bob Mills (Red Deer, Canadian Alliance): Mr. Speaker, it is close to a year ago that the ethics counsellor was doing this report. How long do we have to wait for a report and how incriminating is that report?

It is hard to believe that someone on the board of directors of a business would authorize a \$4 million cheque and not know what it was for. I do not care what kind of business it is.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Minister of Finance and I have been very clear that there will be a report. Now they are complaining because the ethics counsellor is doing a thorough job, analyzing everything and going into all the companies.

The Minister of Finance could not have had any interest in that company because it was a crown corporation. He had perhaps one or two shares or a few shares to qualify to be a director, but all the shares belonged to all the citizens of Canada at that time. He obviously did not have a personal conflict of interest.

* * *

*[Translation]***PARENTAL LEAVE**

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, Quebec has developed a parental leave policy that is better suited to the new realities of the labour market than the federal government's policy.

The minister sees herself as being very generous with her doubled parental leave, but does she not realize that by stubbornly refusing to reduce the eligibility threshold to 300 hours, increase coverage to 70%, eliminate the waiting period and include self-employed women, she will continue to impoverish thousands of women by denying them access to parental leave?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, let us look at what we have done. First and foremost, we have doubled the parental benefit to a year. Parents can be home for a year.

We have reduced the number of hours required to get special benefits from 700 hours to 600 hours. We have tripled the amount of time that adoptive parents will be home with their children. We have taken away the second waiting period required. Then perhaps the dad can be home with the child.

We are making it very clear to Canadians that we understand the challenges between workplace and family. We are doing something about it for all Canadians.

* * *

*[Translation]***INTERNATIONAL TRADE**

Mr. Claude Drouin (Beauce, Lib.): Mr. Speaker, my question is for the Minister for International Trade.

The United States recently published a document entitled "Foreign Trade Barriers" listing obstacles to international trade for American companies. Does the minister intend to provide a similar list for Canada and will he release details on our companies' access to international markets?

Hon. Pierre S. Pettigrew (Minister for International Trade, Lib.): Mr. Speaker, I thank the member for Beauce for his interest in this issue.

This morning, I released the government's annual report on Canada's priorities for 2000 to improve access to foreign markets. Our government wants to improve the performance of our exports and to eliminate the barriers to trade for Canadian enterprises.

Canadians can be very proud. In 1999, our exports set a record high of \$410 billion.

* * *

● (1445)

*[English]***CANADA DEVELOPMENT CORPORATION**

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, on the issue of a conflict of interest for the finance minister relating to tainted blood, the minister sat on the board of a company that

Oral Questions

financed Connaught Labs. Blood from that lab was tainted. Should the minister not have excused himself from decisions relating to tainted blood since there is an obvious conflict of interest here?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have only to repeat exactly what the commissioner on ethics is looking into. He will report to the House. He is doing a thorough job. I have discussed that with the Minister of Finance. He himself has asked me to refer it there. I am completely convinced that there was absolutely never any conflict of interest.

Mr. Grant Hill (Macleod, Canadian Alliance): Mr. Speaker, we have already got the documents that implicate this finance minister in this issue.

Might I ask again, is this not the reason that this finance minister would not support compensation for victims of hepatitis C—

The Speaker: Order, please. The right hon. Prime Minister.

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, again they use a word like “implicate”. They try to tarnish reputations, destroy people. We saw how they dealt with the ethics of their party yesterday when one of the two candidates tried to buy off the other one. They get up today and talk about ethics.

Some hon. members: More, more.

Some hon. members: Shame, shame.

The Speaker: Order, please. The hon. member for Regina—Qu’Appelle.

* * *

STOCK MARKETS

Hon. Lorne Nystrom (Regina—Qu’Appelle, NDP): Mr. Speaker, my question is also for the Minister of Finance. It concerns the volatility in the current stock markets in this country.

A larger than ever number of Canadians are borrowing money in order to speculate on the stock markets and we have also seen an explosion in unregulated derivatives which could threaten the stability of our financial system.

In view of the excessive exposure of our system to speculation, can the minister assure the House that the Canadian financial system is secure and that the public will not pay for speculation through a rise in interest rates which will affect every single Canadian in this country?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, yes, I can assure the hon. member that our financial situation is sound. In fact, it is my understanding that quite some time ago financial institutions began to cut down on margin loans. Obviously there are individual investors who may well find themselves in a

difficult situation, but I can assure the hon. member that the system, the structure and the financial institutions are sound.

Hon. Lorne Nystrom (Regina—Qu’Appelle, NDP): Mr. Speaker, the minister did not make any reference to interest rates. I think we all know now that the excesses in the stock market which are largely in the high tech sector are being caused in the main by the banks, the finance companies and the mortgage companies extending too much credit to people who just want to speculate in the market.

The banks have created much of the problem and the higher interest rates that might come would of course benefit the banks that helped create the problem in the first place.

Would the minister consider asking the Bank of Canada to impose a special reserve requirement on bank loans that are taken out for the sole purpose of speculation in the market?

• (1450)

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, that implies that an exact delineation of the nature of those loans for that purpose could be made, which might be more difficult than one would think. The hon. member knows that I am not in a position to comment on interest rates, that finance ministers do not do that.

If we look at the reasons for which interest rates rise or fall, this would have to be a relatively minor part of any consideration that a central bank would take into account.

* * *

ENDANGERED SPECIES

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, last week representatives from the species at risk working group graded the Progressive Conservative position paper with an A, with the government paper receiving a mere D. This is essentially because the government’s paper would make the designation of species at risk discretionary and not based on science.

Why is it that a consortium of environmentalists, wild life biologists, mining representatives, woodlot owners, pulp and paper and agricultural groups can all agree that the listing of a species should be based on science and not on political choice and this government believes cabinet is best fit to make the call?

Ms. Paddy Torsney (Parliamentary Secretary to Minister of the Environment, Lib.): Mr. Speaker, my colleagues have suggested that was the voice of an endangered species.

This government fully intends to bring in a holistic approach to protecting our species at risk in Canada. We have a solid approach and that member and all members of the House will know about that plan very shortly.

Oral Questions

Mr. John Herron (Fundy—Royal, PC): Mr. Speaker, the beginning of our recovery plan will be our policy conference in Quebec and this party is anything but a species at risk.

The protection of a species at risk is a value that all Canadians—

The Speaker: Order, please. The hon. member for Fundy Royal may begin his question.

Mr. John Herron: Mr. Speaker, the protection of a species at risk is a value that all Canadians share. It should be the responsibility of all Canadians and not just a few. That is why the Progressive Conservative Party, industry and environmentalists all agree that social and economic considerations should be taken into account when designing the recovery plan for a species and not whether a species is at risk or not.

Why is it that this coalition of stakeholders agrees on a common front and this government believes that cabinet should determine whether a species is at risk or not?

Ms. Paddy Torsney (Parliamentary Secretary to Minister of the Environment, Lib.): Mr. Speaker, perhaps the member opposite believes he is clairvoyant, but the bill has not been tabled so I do not know how he is managing to presuppose the outcome of what the government is planning to do.

It will be individuals and it will be stewardship right across the country that make the difference—people taking voluntary action. The last budget from the finance minister will encourage that process.

The bill will be tabled in a short time. I think he should wait and actually see what is being proposed.

* * *

BATTLE OF VIMY RIDGE

Mr. Carmen Provenzano (Sault Ste. Marie, Lib.): Mr. Speaker, my question is for the Minister of Canadian Heritage. April 9 is the 83rd anniversary of the Battle of Vimy Ridge. Will the minister inform the House of her efforts to recognize this important date in Canadian history?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, the member and all Canadians know that at Vimy almost 4,000 boys were lost to their families, their friends and their communities.

[*Translation*]

But from this loss was born a spirit of solidarity, of helping others, and of belonging to a country called Canada.

[*English*]

In support of the private member's bill of my colleagues, the members for Sault Ste. Marie and Algoma—Manitoulin, I am announcing today that this Sunday, April 9, 2000 the flag on

parliament's Peace Tower will fly at half mast in honour of the sacrifice made at Vimy Ridge, a corner of France that is forever Canadian.

Some hon. members: Hear, hear.

* * *

HEALTH

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, I believe there will be many hepatitis C victims who are very interested in the finance minister's answers on this issue. The bottom line here is this: The finance minister promised the House that he will release all CDC minutes, but when the official opposition asked for them under the Access to Information Act, the finance department withheld these documents.

● (1455)

Why did the minister not keep his own promise?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, when the ethics counsellor submits his report, we will make all documentation available. All pertinent documentation will be submitted.

* * *

[*Translation*]

TRANSPORTATION OF PLUTONIUM

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Mr. Speaker, when American plutonium was transported to Chalk River in Ontario, it made part of the journey by air.

This method of transportation is strictly prohibited in the United States for reasons of safety. In addition, the Minister of Natural Resources has broken Canadian law because he did not submit this transportation plan to the public.

How can the public trust the Minister of Natural Resources when he breaks his own law and, worse yet, gives the go-ahead for a form of transportation prohibited in the United States for safety reasons?

[*English*]

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, on this side of the border we operate under Canadian law, not American law.

During the public consultation process regarding MOX, we received several public representations to consider air transportation. We took those representations seriously.

During all of our consideration of this matter, our questions were directed to whether this can be done safely and legally in accordance with the Canadian Environmental Protection Act, the Canadian Transportation of Goods Act and the Canadian Atomic

Oral Questions

Energy Control Act as well as the International Civil Aviation Organization and the International Atomic Energy Agency.

The answers to those questions—

The Speaker: The hon. member for Winnipeg North Centre.

* * *

GENETICALLY ENGINEERED FOODS

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, my question is to the Minister of Health.

The government recently announced a blue ribbon scientific panel to ostensibly address growing consumer concerns about the safety of food biotechnology. Now we learn the government is spending hundreds of thousands of dollars to send every household in Canada a 24 page full colour leaflet asserting the safety of genetically engineered foods.

Why has the government prejudged the outcome of its own review by spending money on this kind of propaganda? Is the panel a farce or is the government truly listening to the concerns of Canadians?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the government is very proud of the quality and safety of Canadian food. Together with my colleague, the Minister of Agriculture and Agri-Food, we have sent factual information to Canadian households as to why they should be satisfied with the safety and quality standards of our food.

At the same time, because biotechnology continues to push back the frontiers of science, we have appointed a blue ribbon panel, including the Nobel Laureate, Dr. Michael Smith of British Columbia, to work with us in ensuring that in the future we will have the science capacity necessary to keep on the cutting edge of science and safety.

* * *

NATIONAL DEFENCE

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, the Minister of National Defence is just a few hours away from making another announcement with the diesel division of General Motors, despite the fact that the minister has not addressed the very serious equipment concerns raised by Colonel Jones, the Canadian commander in Bosnia, who said that the existing Coyote reconnaissance vehicles were clearly never brought up to Canadian standards.

What has the minister done personally to ensure that the new equipment that he will purchase today will meet Canadian standards in the field?

Hon. Arthur C. Eggleton (Minister of National Defence, Lib.): Mr. Speaker, the hon. member has it wrong. What we have here is state of the art equipment. What she is talking about is the

fact that when the state of the art equipment was sent over, it was not properly prepared in terms of its mission in Kosovo in the initial instance.

The memo that the hon. member notes was sent last fall. In fact, a course of action was taken very quickly.

We do have the best possible equipment. In fact, the American army wants to borrow some of it because it thinks it is the best in the world.

* * *

ETHIOPIA

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, my question is to the Minister of International Co-operation.

Many people are starving to death in Ethiopia because of drought and extreme weather conditions. Crop failures, loss of livestock and grazing land are contributing to the misery facing these innocent victims.

Can the minister tell the House what efforts have been made by the Canadian government to provide assistance to the victims of this famine in Ethiopia?

• (1500)

Hon. Maria Minna (Minister for International Cooperation, Lib.): Mr. Speaker, Canada is very concerned about the escalating famine in Ethiopia. In response to this crisis, I am announcing that Canada will provide an additional \$6.25 million for emergency food in Ethiopia. The funds will be used to purchase, transport and distribute emergency supplies. Monitors will be hired to ensure the aid reaches the most needy. We will be working with the World Food Programme.

This is an ongoing commitment we have in Ethiopia. Over the last three years we have spent \$45 million in the region. We will continue to monitor the situation and support it.

* * *

PRESENCE IN GALLERY

The Speaker: I would like to draw the attention of hon. members to the presence in the gallery of His Excellency Janis Straume, Chairman of the Saeima of the Republic of Latvia, and his delegation.

Some hon. members: Hear, hear.

* * *

[Translation]

MEMBER NAMED

The Speaker: I have to deal with an issue in the House. I am directly addressing my colleague, the hon. member for Rimouski—Mitis.

Routine Proceedings

On Friday, the hon. member used in this House the words “Stop lying”, as reported in the *Hansard*.

At that point, I asked her to withdraw these words, but she refused. The hon. member has had a few days to, I hope, reconsider her position. I am asking her again today in this House to please withdraw these words.

Mrs. Suzanne Tremblay: Mr. Speaker, I am really sorry but I cannot comply with your request. This is the 21st century and we are entitled to the truth in this place—

The Speaker: Mrs. Tremblay, I must name you for disregarding the authority of the Chair.

Pursuant to the powers vested in me under Standing Order 11, I order you to withdraw from the House for the remainder of today’s sitting.

[*Editor’s note: And Mrs. Tremblay having withdrawn*]

ROUTINE PROCEEDINGS

• (1505)

[*Translation*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government’s response to five petitions.

* * *

[*English*]

COMMITTEES OF THE HOUSE

PROCEDURE AND HOUSE AFFAIRS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I have the honour to present the 24th report of the Standing Committee on Procedure and House Affairs regarding the associate membership on the Standing Committee on Natural Resources and Government Operations. If the House gives its consent, I intend to move concurrence in the 24th report later this day.

* * *

INTERPARLIAMENTARY DELEGATIONS

Mrs. Rose-Marie Ur (Lambton—Kent—Middlesex, Lib.): Mr. Speaker, on behalf of the Canada-Taiwan Parliamentary Friendship Group, I am pleased to present, in both official languages, the report of the January 2000 parliamentary delegation to Taiwan.

As the Chair of the delegation, I am pleased to report on this very successful all party delegation that concentrated on bilateral agricultural issues.

Specifically, I had an audience with President Lee and other officials and had discussions on Taiwan’s anticipated ascent into the WTO. The delegation drew attention to the importance of the agriculture sector to an overall bilateral relationship.

The delegation requested that there be a renewal of the quotas for meat products which came to an end in December 1999. It visited research and production facilities.

A copy of the report has been circulated to all parliamentarians. I thank members of the delegation for their constructive participation.

* * *

CANADA WELL-BEING MEASUREMENT ACT

Mr. Joe Jordan (Leeds—Grenville, Lib.) moved for leave to introduce Bill C-469, an act to develop and provide for the publication of measures to inform Canadians about the health and well-being of people, communities and ecosystems in Canada.

He said: Mr. Speaker, I am pleased today to table my private member’s bill entitled the Canada well-being measurement act. This bill provides the legislative framework for the development and annual publication of a set of sustainable indicators in relation to our economy, our society and our environment.

The Canada well-being measurement act would provide for a far more accurate and comprehensive measure of progress than we currently possess, and aid us greatly as we reconcile public policy with the impacts our actions are having on the well-being of all Canadians.

I thank and recognize the participation of Mike Nickerson in this project and my seconder, the hon. member for Notre-Dame-de-Grâce—Lachine.

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

* * *

• (1510)

[*Translation*]

BROADCASTING ACT

Mr. Bernard Bigras (Rosemont, BQ) moved for leave to introduce Bill C-470, an act to amend the Broadcasting Act (reduction of violence in television broadcasts).

He said: Mr. Speaker, I am pleased today to introduce a private member’s bill to amend the Broadcasting Act, and more specifically, to reduce violence in television broadcasts.

I would remind members that, on December 18, 1992, Virginie Larivière presented a petition here in Ottawa signed by over 1.3

Routine Proceedings

million people in support of legislation to reduce violence in television broadcasts. One year later, the industry adopted a voluntary code.

The purpose of this bill is to turn the situation around and reduce violence on television.

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

* * *

[English]

COMMITTEES OF THE HOUSE

FOREIGN AFFAIRS AND INTERNATIONAL TRADE

Mr. Bill Graham (Toronto Centre—Rosedale, Lib.): Mr. Speaker, I have the honour to present, in both official languages, the fourth report of the Standing Committee on Foreign Affairs and International Trade.

[Translation]

In this report, the committee looked at the issue of human rights in Burma.

[English]

The committee recommends to the Parliament of Canada to recognize the committee representing the peoples' parliament as the representatives of the people of Burma and further urges the Government of Canada to consider the imposition of investment sanctions on the regime of Burma.

PROCEDURE AND HOUSE AFFAIRS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, if the House gives its consent, I move that the 24th report of the Standing Committee on Procedure and House Affairs presented to the House earlier this day be concurred in.

The Acting Speaker (Mr. McClelland): Does the hon. member have the unanimous consent of the House to present the motion?

Some hon. members: Agreed.

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

Some hon. members: Agreed.

(Motion agreed to)

* * *

PETITIONS

MAMMOGRAPHY

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, pursuant to Standing Order 36, it is my pleasure to present

on behalf of my constituents of Etobicoke—Lakeshore a petition on mammography assurance standards.

Canada has the second highest incidence of breast cancer in the world. One in nine Canadian women will develop breast cancer in their lifetime. In Ontario, only 22% of all mammography units are accredited and only 37% of all mammography units in Canada are accredited. Early detection remains the only known weapon in the battle against breast cancer.

The petitioners therefore call upon parliament to enact legislation to establish an independent governing body to develop, implement and enforce uniform and mandatory mammography quality assurance and quality control standards in Canada.

BILL C-23

Mr. Dale Johnston (Wetaskiwin, Canadian Alliance): Mr. Speaker, it is a privilege to present this petition on behalf of Canadians.

The petitioners state that, whereas on June 8 the House of Commons passed a motion which stated that in the opinion of the House it is necessary in the light of public debate around recent court decisions to state that marriage is and should remain the union of one man and one woman to the exclusion of all others and that parliament will take all necessary steps within the jurisdiction of the Parliament of Canada to preserve this definition of marriage, therefore, the petitioners pray that parliament will withdraw Bill C-23 from its agenda.

• (1515)

TAXATION

Mr. Dale Johnston (Wetaskiwin, Canadian Alliance): Mr. Speaker, I would also like to present a petition which states that the Minister of Finance has raised taxes in six budgets out of six and that the burden on Canadian families has skyrocketed by 30%, and also that in six budgets out of six business taxes have grown from \$9.4 billion to \$20 billion.

Therefore, the petitioners call on parliament to give taxpayers a break by instituting tax relief of at least 25% in federal taxes over the next three years.

PESTICIDES

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to present a petition that has been signed by 67 of my constituents from Pickering—Ajax—Uxbridge, which calls on parliament to enact an immediate moratorium on the cosmetic use of chemical pesticides until such time as their safe use has been scientifically proven and the long term consequences of their application is known.

CANADA POST

Mr. Dan McTeague (Pickering—Ajax—Uxbridge, Lib.): Mr. Speaker, I have another petition which calls on parliament to repeal

subsection 13(5) of the Canada Post Corporation Act, prohibiting rural route mail couriers from having collective bargaining rights.

The petitioners draw to the attention of parliament that due to this subsection rural route couriers are prohibited from bargaining collectively to improve their wages and working conditions.

MARRIAGE

Mr. Eric Lowther (Calgary Centre, Canadian Alliance): Mr. Speaker, I wish to present a petition today, adding 400 signatures to the thousands of signatures which have come in. There is a good rationale for the petition, but I will cut to its main point.

The petitioners are praying, along with thousands of others, that parliament withdraw Bill C-23 and affirm the opposite sex definition of marriage in legislation and ensure that marriage is recognized as a unique institution.

[*Translation*]

Mr. Grant Hill (MacLeod, Canadian Alliance): Mr. Speaker, I have the honour to present, pursuant to Standing Order 36, a petition on Bill C-23. The petitioners call on parliament to withdraw Bill C-23, to confirm the definition of marriage in law as the union of two people of the opposite sex and to ensure that marriage is recognized as a unique institution.

[*English*]

Mr. Rick Casson (Lethbridge, Canadian Alliance): Mr. Speaker, I too would like to table a petition that deals with Bill C-23.

My constituents call upon parliament to withdraw Bill C-23, a bill which fails to define marriage in legislation as the union of one man and one woman, a definition which was affirmed by the House on June 8, 1999.

They state that the bill would remove any sort of unique public policy recognition of the institution of marriage, despite significant empirical evidence about the value of marriage as a cornerstone of public policy, and that it is an inappropriate intrusion into the personal lives of Canadians and extends benefits to only those relationships of a sexual nature, to the exclusion of all others dependent upon a relationship.

The petitioners sincerely hope that the government would take these words to heart and withdraw Bill C-23.

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance): Mr. Speaker, I have the honour to present to the House a petition from the good people of Dauphin—Swan River.

Routine Proceedings

The petitioners pray that parliament withdraw Bill C-23, affirm the opposite sex definition of marriage in legislation and ensure that marriage is recognized as a unique institution.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, Question No. 79 will be answered today.

[*Text*]

Question No. 79—**Mr. Jean-Guy Chrétien:**

With regard to the reception held in the Parliament Buildings on December 13, 1999 to celebrate progress made on the Nisga'a Final Agreement Act: (a) did a government department or agency pay for this celebration; (b) if so, which department or agency paid for it; and (c) what were the costs incurred to hold this reception?

Hon. Robert D. Nault (Minister of Indian Affairs and Northern Development, Lib.): Insofar as the Department of Indian Affairs and Northern Development is concerned, the response is as follows:

(a) and (b) Because of the short timeframe for the organization of this reception, the budget for the Minister of Indian Affairs and Northern Development was used to provide interim funding and was immediately reimbursed by private donations. Total cost to the department was, therefore, nil.

(c) Catering costs of \$2621.54, including GST, were incurred and paid for by the private donations.

[*English*]

Mr. Derek Lee: Mr. Speaker, I ask that the remaining questions be allowed to stand.

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

Some hon. members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Derek Lee (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I would ask you to be so kind as to call Motion No. P-2.

Motion No. P-2

That an order of the House do issue copies of the most recent band audits at all reserves in Canada that showed a deficit or an accumulated debt on their last band audit.

● (1520)

Mr. Derek Lee: Mr. Speaker, the financial statements of first nations and their organizations are treated as confidential and

Government Orders

exempted from disclosure by paragraph 20(1)(b) of the Access to Information Act. Portions are mandatorily protected under subsection 19(1), which protects personal information. A federal court decision of April 15, 1988 judged that information on Indian band financial statements was confidential and not subject to public release under paragraph 20(1)(b) of the Access to Information Act by the Department of Indian Affairs and Northern Development. Subject to further direction from parliament, the department follows this law and policy.

First nations are required to make their audited financial statements available to members of their community.

Individuals interested in reviewing a first nations audit can contact the chief and council who will decide whether to disclose audits to non-band members.

Information about public grants and contributions to first nations bands is available in other records related to departmental program spending.

I therefore would ask the hon. member for Skeena to withdraw his motion.

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, as a minister of the crown I would ask that this matter be transferred for debate under Private Members' Business, pursuant to Standing Order 97(1).

The Acting Speaker (Mr. McClelland): The motion is transferred for debate.

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

The Acting Speaker (Mr. McClelland): Is it agreed?

Some hon. members: Agreed.

Mr. Mark Muise: Mr. Speaker, I rise on a point of order. Could I ask the parliamentary secretary to make inquiries concerning Motion No. M-34, which asks for correspondence with the provinces concerning the clarity bill. Surely the government would want to make this correspondence public.

Mr. Derek Lee: The hon. member opposite has referred to Motion No. M-34. I am not certain that I would, as parliamentary secretary, have authority to deal with that particular motion at this time, but we will certainly take the member's statement as a representation.

Mr. Rick Casson: Mr. Speaker, I rise on a point of order concerning what the Minister of Natural Resources just asked. Did he ask for the agreement of the House to do what he was proposing to do?

The Acting Speaker (Mr. McClelland): No. As a minister of the crown he has the authority to transfer a motion for debate. It was not permission, it was just a matter of fact.

GOVERNMENT ORDERS

[English]

PROCEEDS OF CRIME (MONEY LAUNDERING) ACT

Hon. Jim Peterson (for the Minister of Finance, Lib.) moved that Bill C-22, an act to facilitate combatting the laundering of proceeds of crime, to establish the Financial Transactions and Reports Analysis Centre of Canada and to amend and repeal certain acts in consequence, be read the second time and referred to a committee.

He said: Mr. Speaker, I would ask before I start that instead of taking the 40 minutes of speaking time and 10 minutes for questions and comments, that I be allowed to split the time. The parliamentary secretary and I would take no more than 20 minutes of speaking time with 10 minutes for questions and comments, but I would need consent for that.

The Acting Speaker (Mr. McClelland): I would remind members that the first three speakers do not have the opportunity for questions and comments. Therefore, we will just be splitting the time.

Does the hon. Secretary of State for International Financial Institutions have the consent of the House to split his time?

Some hon. members: Agreed.

• (1525)

Hon. Jim Peterson: Mr. Speaker, I appreciate the co-operation of hon. members. This bill on money laundering deals with an emerging crime, and one that is getting worse. Dirty money is that money earned from criminal activities, mainly drug dealing, but also such activities as smuggling cigarettes and theft, and is often the product of organized crime. Money laundering is the process by which that dirty money is cleaned in such a way that it cannot be readily or easily traced back to its illegal activities, therefore allowing crime to profit.

The financial action task force, of which Canada is a member, consists of 26 countries. It consists of the OECD countries, plus Singapore. It estimated that the global amount of money laundering is in the area of \$300 billion to \$500 billion U.S. every year.

Government Orders

Mr. Dale Johnston: Mr. Speaker, I rise on a point of order. I do not think you heard, but there were members on this side of the House who said no when you asked for unanimous consent. I do not think you heard that.

The Acting Speaker (Mr. McClelland): No, the Speaker did not hear that and we are not going to revisit it.

Hon. Jim Peterson: Mr. Speaker, I will try to be brief so that hon. members from other parties have as much time as they would want to debate this important measure.

The financial action task force also indicated that the extent of money laundering going on in Canada—and we will never know for certain what it is—is somewhere between \$5 billion and \$17 billion a year.

This bill is aimed at doing one thing, and that is to help take the profit out of crime.

What do we currently have in place in terms of law? We have the Proceeds of Crime (Money Laundering) Act, 1991, which does three things. It requires that records be kept of cash transactions over \$10,000. It requires that client identification procedures be followed, that is, financial institutions are required to know the client. Third, it provides for the voluntary reporting of suspicious transactions by the financial institution directly to the police.

Why do we need this new bill in light of the existing law? This new bill retains the record keeping and client identification provisions of the old law. However, it has extended beyond the current institutions which must report, such as financial institutions, casinos, intermediaries, lawyers and accountants, to other types of financial institutions.

Money laundering is not just a phenomenon which takes place through financial institutions. There are expanded means, including the Internet. This new legislation will apply to cheque cashing businesses, crown owned institutions and crown owned casinos.

The old law, as I said, provided for the voluntary reporting of these suspicious transactions. We are moving beyond this to mandatory reporting. Where there is a suspicious transaction, it must be reported.

We will have three types of reporting. First, it will be mandatory for financial institutions and others who have reasonable grounds to suspect that a transaction is linked to money laundering to report that transaction.

Second, there will be mandatory reporting of prescribed transactions. We are proposing that they be cash transactions, or the equivalent, of \$10,000 or more.

• (1530)

Third, we want to deal with the importation and exportation in and out of Canada of large amounts of cash or negotiable instruments. We are proposing that one has to report any sum exported or brought into Canada in the order of \$15,000 or more.

Those are the guts of the new law. We have struggled. It is not an easy task to balance the requirement to have an updated, modern, crime fighting legal system in Canada with protecting the privacy of individuals.

Having reviewed many international situations and examples and after extensive consultations, we have proposed that in order to safeguard individual privacy but at the same time ensure that crime is stopped we would institute a financial transactions and reports analysis centre of Canada, or the FTRACC.

The centre would be an agency reporting to the Minister of Finance, who would be responsible for it. It would be run by a director. It would have approximately 60 employees and cost approximately \$10 million a year. The centre will receive reports from financial institutions or others required to report. In other words, they will not report directly to the police or to the government. They will report to the centre.

The centre will gather, collect and analyze all the information. It will then refer the information to the appropriate policing authorities, only when it is satisfied there are reasonable grounds to suspect that the information would be relevant to the crime of money laundering. The centre must satisfy itself first.

What does the centre pass on? It passes on only tombstone or bare bones information: the name of the account, the date of the transaction, the account number and the value of the transaction. If the police authorities want to get more information from the centre they would have to do so by virtue of a warrant issued by a judge.

This information can also be passed on by the centre to CSIS, to Revenue Canada and to immigration authorities. It cannot be passed on willy-nilly. It can be passed on only in the event the centre has determined there are reasonable grounds to suspect money laundering and has determined that there may be, for example, tax fraud involved as well.

Any individual who feels that privacy rights have been hampered would be entitled to go to the privacy commissioner to have the case looked at. The centre will not be exempt from examination by the privacy commissioner.

Let us look at why it is important that we pass the bill quickly. The financial action task force on money laundering has pointed out that Canada, one of its members, is the only member that does not have mandatory reporting. We have the commitment of our Prime Minister at the G-8 summit in Birmingham in 1998 to this type of law. This was reconfirmed again last year at the Cologne summit.

Government Orders

We have had extensive consultations starting in May 1998 when the solicitor general issued a consultation paper. We in finance issued a consultation paper in December. We have considered wide consultations with all interested parties.

• (1535)

In conclusion, I believe that we have found a way to expand the reporting requirements, to make them mandatory and at the same time to balance the rights of individuals to privacy and freedom from unjust or unreasonable search and seizure.

This is through using this unique concept of the centre. The centre will be able to analyze trends in money laundering. It will be able to work with international law enforcement agencies. I think it will be a great addition to our war against crime.

By enacting the bill, Canada will be a much less attractive target for money laundering. We will be sending a clear message to the world that organized crime and criminals should not try to do business in Canada. We will appreciate the support of all parties.

[*Translation*]

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I want to thank the members of this House for allowing me to take part in the debate on this very important bill.

There is a lot we do not know about organized crime and money laundering, but we do know, from informed sources, that it involves a constant battle always in a state of flux. It is a substantial problem.

According to independent estimates for the Department of the Solicitor General of Canada, up to \$17 billion is laundered in Canada each year.

There are a number of other estimates that reveal the scope of the problem. No one knows exactly how much is involved, but everyone knows that there is a real and serious problem, in Canada and throughout the world.

According to a recent study by the financial action task force, established at the G-7 summit in Paris in 1989, the way money is laundered in Canada and in the other member countries has changed in recent years.

Money launderers no longer limit their activities to banks and other deposit institutions.

[*English*]

Other kinds of businesses are being used for money laundering such as securities dealers, insurance companies, casinos, currency exchange houses, money transmitters and non-financial professionals including lawyers and accountants.

We know that proceeds of crime are often laundered through legitimate businesses. Criminal Intelligence Service Canada backed this up in its annual report on organized crime just last year. The physical movement of proceeds of crime across our borders is also part of this problem.

The new system proposed in Bill C-22 will be an important step in helping to prevent cross-border money laundering through airports and other border points. More than that, Bill C-22 builds on the excellent work that we continue to do in partnership with the provinces, territories and law enforcement agencies as part of a larger global network of countries fighting this problem together.

[*Translation*]

Despite vigorous efforts the current government and its partners continue to apply in Canada and abroad, we can still do much more. Bill C-22 represents a major step forward in the fight against organized crime.

[*English*]

I should remind hon. members that in the budget the government devoted significant new resources to increase federal policing activities, particularly in the area of organized crime. Over the next three years the RCMP will receive \$584 million in extra funding. In the next fiscal year alone the RCMP will receive \$59 million extra for federal policing services. This means more resources to fight organized crime activities such as drug trafficking, smuggling of commodities and people, telemarketing and commercial fraud.

The bill is further proof of our commitment to giving our law enforcement agencies the tools they need to do the job. By implementing the bill not only will Canada be living up to its international commitments to the G-8 and its financial action task force, but we will also be making good on commitments here at home.

The RCMP and police forces across the country will benefit from the system proposed in the bill as information from the new agency will go directly to the police to support investigations. Other federal agencies will also receive information from the agency to help investigate certain national security, revenue and immigration offences, but only when they are also related to suspicions of money laundering.

• (1540)

Allowing the new agency with suitable protections to share information with similar agencies in other countries will allow us to play our full role against money laundering on an international scale. It will also allow us to benefit from information that foreign agencies may have about money laundering going on in our country.

When dealing with global organized crime sharing information is vital, but we are also aware of the need to respect privacy in the process of investigating these crimes. We take these concerns very seriously.

Government Orders

[Translation]

We must bring our investigative methods up to date to fight against today's money laundering techniques. We need centralized and automated systems to discover the links between dubious financial operations and the movement of illicit funds, and to ensure their follow-up. This is exactly what Bill C-22 does.

[English]

Our consultations have shown strong support for a new and tighter anti-money laundering system. Officials continue to work closely with financial institutions and other stakeholders to make sure that the new requirements are clear and reasonable. We are also consulting provincial governments, the police and others to ensure that the new arrangements will address the needs that have been identified.

Bill C-22 strikes a sound and effective balance between the legitimate needs of law enforcement and respect for individual privacy. It will also make Canada a less attractive target for money laundering and send a clear message around the world that this is a country where organized criminals should not try to do business.

Mr. Gurmant Grewal (Surrey Central, Canadian Alliance): Mr. Speaker, I rise on behalf of the people of Surrey Central to participate in the debate on Bill C-22, an act to facilitate combating the laundering of proceeds of crime, to establish the financial transactions and reports analysis centre of Canada and to amend and repeal certain acts in consequence.

Canada is a party to international agreements asking us to report transactions that may involve money laundering. The official opposition believes that the vast majority of law-abiding Canadians want legislation that will fight crime and that will prevent crime.

The weak Liberal government introduced this bill as Bill C-81 on May 31, 1999, and let it die on the order paper. Now we are only at second reading of the bill and still it will have to be sent to the committee for much study and amendment.

I listened very carefully to the comments of the Secretary of State for International Financial Institutions. I am convinced that the government did not evaluate, did not look into the pros and cons of the bill in depth. I would like to give an overview whereby we will look into the gravity of the situation first and then look into the problems and concerns. I would also like to provide some suggestions and amendments.

Organized criminals, particularly in the drug trade, generate and launder billions of dollars annually. They have to do that to continue their illegal operations. They move from jurisdictions with strong controls to jurisdictions with weak or no controls. This criminal activity undermines Canada's financial and social systems and increases the power and influence of illegal businesses.

● (1545)

Experts estimate that from \$300 billion to \$500 billion of criminally driven funds enter the international market annually. In Canada alone the ballpark estimate is around \$20 billion.

The Financial Action Task Force estimates that about 70% of the money laundered through Canada is derived from drug trafficking.

There are many ways to launder money, including through financial institutions, foreign exchange dealers, significant cash purchases, brokerage houses, foreign tax havens, real estate, the operation of shell companies, travel agencies, insurance agencies or companies, and dealing in gold and other precious metals. Even some professionals such as lawyers and accountants help in money laundering. Criminals launder money through gambling and cross-border transfers. It is a wide open area.

Some other methods are more sophisticated, for example smurfing, human mules, over-invoicing for import-export purposes. I will not mention the details for security reasons.

Canadian banks are reportedly favoured for the transfer of funds because of their wide international presence, stability, efficiency, strong tradition of banker-client confidentiality and facilities of transfer such as wire transfers, currency exchange, denomination exchange, savings deposit boxes, and please do not laugh, even government savings bonds.

The foreign currency exchange houses being less regulated than the chartered banks provide the second most common vehicle for money laundering, at least in Canada. There is a potential for concealing the identity of the launderers because the negotiable instruments or the wire transfers are deposited in the banks and the client is perceived as the currency exchange house, not those people who are laundering the money. The perception is created that the financial negotiable instrument comes from the currency exchange house and is then deposited in the bank and the laundering of the money continues.

Other illicit funds are also laundered through the purchase of stocks and bonds in the securities market through a shell company located in a tax haven somewhere where the laws protect the anonymity of the owners. Therefore money is laundered through the stock exchange.

Investing in a private company also is a way of laundering. The private company will go public and then the earnings from the sale of shares create an illusion that the profits generated are legitimate.

These side issues of money laundering or its byproducts have serious consequences. Street gangs channel criminal profits to fund terrorism or military operations abroad. Money laundering feeds armed conflicts and illegal activities that threaten everything from our families to our society to our national and international security and economy and perhaps even world peace.

Government Orders

● (1550)

A staggering variety of activities such as extortion, home invasion, murder, theft, drugs and arms trafficking, counterfeit currency and passports, migrant smuggling, prostitution, mafia, casino and lottery frauds are additional costs to society at the expense of the taxpayer and at the expense of our future. These activities make our streets unsafe. It is not only money laundering which affects our economy and undermines society, but other criminal activities piggyback on it and affect our children, our future and undermine our security.

These activities are escalating. It will likely become more difficult for police to deal with them if the weak Liberal government does not wake up. The Liberals can have a deep sleep if they want to, if they are tired and cannot remain awake. Someone else can sit in the driver's seat. We now have a licence to do that and we could do that for them.

The House will remember that in 1997 one of the six key platforms of the former Reform Party was to make our streets safer. A Canadian Alliance government would do that.

Canadians are fed up and have had enough. We do not want Canada to be a haven for money laundering. I urge the government to look at this bill very diligently and look through lens of the importance of the issue and not through the lens of politics, selfishness or arrogance as it usually does.

The broad purpose of Bill C-22 is to remedy shortcomings in Canada's anti-money laundering legislation. It was identified by the G-7 Financial Action Task Force on Money Laundering in its 1997-98 report.

The financial task force recommended that reporting requirements in Canada be made mandatory rather than voluntary as is currently the case. Why has the reporting been voluntary in the first place? That means every honest person was supposed to report whereas the criminals escaped reporting. This does not make sense. The other recommendation made by the task force was that a financial intelligence unit be established to deal with the collection, management, analysis and dissemination of suspicious transaction reports and other relevant intelligence data.

Bill C-22 proposes to bolster Canada's anti-laundering efforts by making it mandatory for financial agencies to report information relating to certain types of transactions. The information is to be sent to a central data gathering and analysis body called the financial transactions and reports analysis centre of Canada. This analysis centre would authorize the release of information to domestic and foreign law enforcement agencies.

Bill C-22 will also establish in association with Canada Customs and Revenue Agency a system of reporting large cross-border transactions.

● (1555)

The Liberal government not only lacks vision but it is also very weak. It does not have the political will nor is it capable of fixing the ailing departments. It thinks that the status quo is the only option.

Even when international organizations tell it to fix something serious it does it half-heartedly. It has a mentality and culture of only doing a patchwork job. The patchwork does not work, particularly when dealing with organized crime. The criminals are light years ahead of our government. We need to overhaul the whole system. Corruption and abuse in the system is enormous.

Canadians suffer as a consequence of abuse and fraud in many areas. These include the GST refund, welfare, employment insurance, social insurance numbers, insurance, workers compensation board, immigration, and so on.

Criminals are buying mansions, boats and luxury cars with the proceeds from organized crime. They have hefty bank accounts. What is the reason? The loopholes in the system and the law are not plugged. There are so many loopholes and the criminals are exploiting them. Tax evasion and the underground economy are putting pressure on small businesses and legitimate taxpayers who cannot bear the huge Canadian tax burden.

The tax burden is responsible for a poor quality of life, the brain drain and so many other things. Due to the illegal activities of some individuals, the legitimate taxpayers suffer. The whole nation suffers.

There are criminals who do not pay taxes but they pay bribes or political donations, and they continue to enjoy the government's most favoured status. Many organizations enjoy charitable tax free status only to rake in money to finance organized crime or even wars in other countries.

A Canadian multinational trading company, which I will not name, whose stock was valued at about \$600 million, was found to have very close ties to the eastern European mafia. It was laundering the money through the stock exchange and sending the money to its counterparts in other countries.

Canada is a candy store for these criminals. It is a shame that the government cannot come up with legislation that would be effective and would do the job.

The blurred vision of the Liberal government has caused the dismantling of the Vancouver port police. This makes the port a gateway for the importation of drugs and narcotics. It opens up the way for the criminals and makes their jobs easier rather than tougher. It is a shame the Liberal government gives international organized criminals VIP treatment while those same criminals according to the Immigration Act are supposed to be inadmissible into Canada.

Government Orders

The human smugglers and criminals who live on organized crime should be given the toughest penalties. That is what Canadians are telling us. That is the only way to discourage them. Otherwise unfortunately, they have the motivation to come to Canada and commit crimes because they consider Canada to be a crime haven.

How about stopping the federal government when it launders the money?

• (1600)

It appears that CIDA contracts and EDC loans have been given to businesses which donated huge sums of money to the Liberal campaign before the elections. We all know those figures. When we ask a question, the government does not reply.

I am sure that everyone in Canada knows about the billion dollar boondoggle. Do we need a bill to fix all that is wrong with the government? No, I do not think so. Rather, we need to replace the federal Liberal government, which we can and which we are prepared to do with the Canadian Alliance.

Let us look at some other aspect of the bill. When Bill C-22 comes into force, it will replace the existing Proceeds of Crime Act. However, the existing proceeds of crime regulations would remain in effect until the mandate regulations are promulgated.

There are four key principles of the bill.

The first would provide tools for law enforcement agencies, giving them the information to identify charges to be laid.

The second would strike a balance between privacy rights and law enforcement needs. We need to place strict controls on the collection, use and disclosure of personal financial information.

The third would minimize compliance costs for financial institutions and other stakeholders. We have to minimize compliance costs. We need to establish a workable regime with the full co-operation of all stakeholders, without unnecessary red tape.

The fourth would provide for contributions toward international efforts to combat money laundering.

We need to see the government's definition for these efforts. These definitions are not given in this bill. We do not know what they mean. They are too vague. I will come to that later.

The principles are ones that any law abiding citizen would support, but as always, we know we cannot trust the government because it does not keep its promises.

Let me dwell on the concern we in the official opposition have about the cautions we should take. One of the problems with Bill C-22, other than what I have mentioned, is that while the policy

objective is laudable and Canada should not be a haven for laundering the proceeds of crime, the bill raises many concerns. The bill is too vague in many areas.

The official opposition is concerned that the bill is too vague concerning who is affected by the act. The Liberals have to show us clarity in this bill.

There is a lack of precision in this bill. There are no definitions of many terms, for example, the definition of "suspicious transaction". What is a suspicious transaction? There is no definition.

The United States of America opposed this legislation because it presented problems of probable invasions of privacy. We in Canada are also concerned that the privacy of Canadian citizens could be unreasonably invaded inadvertently through overly restrictive regulations defining transactions that must be reported. There should be sufficient protection and freedom of law abiding citizens should be preserved.

Another issue is that customs officers are being given broad powers to search anyone they want when they have reasonable grounds to suspect that the person has hidden currency or monetary instruments which are of greater value than the amount prescribed or declared.

• (1605)

Also, we are concerned that the powers to search should have safeguards to ensure that customs officers do not hassle persons lawfully crossing the border. They should not be hassled. It may grant customs officers the power to strip travellers of undeclared cash. The financial transactions and reports analysis centre of Canada could end up with a licence to harass innocent and legitimate people.

If passed, Bill C-22 would give bureaucrats fresh authority to trap the innocent, infringe on privacy, gather information on citizens and put routine money transactions under suspicion.

There are broad delegations of authority to the cabinet, including making regulations to define what transactions must be reported and who must report them. The government has overall authority to make those regulations.

Also, it will conscript lawyers, banks, accountants and others into a national subculture of informants and snitches. Routine legitimate business transactions could be disrupted as a result of the bill. The bill will restructure the relationship of trust between lawyers and clients.

There has to be a reasonable balance between entrapment of innocent citizens and effective tools of law to help our law enforcement agencies to do their jobs effectively and efficiently.

Government Orders

Let us talk about securing a conviction of money laundering. Securing a conviction of money laundering requires the crown to prove four elements of the offence beyond a reasonable doubt. It must be proven that the accused dealt with the laundered property with intent to convert or conceal it. The property must have been derived from the commission of a predicated offence. The accused must have had knowledge of this fact.

The enactment could now allow the police to arrange sting operations even though the above may not be proven by the crown. It could also help the police to get someone convicted of a companion crime, the crime which is attached to the money laundering crime, even if the laundering cannot be proved. That is dangerous. The legislation should be driven by need and not by police hype, political or international pressure. It should be needs based.

The Department of Finance issued a consultation paper on January 17. The paper promises that after Bill C-22 becomes law, proposed regulations will be published in the *Canada Gazette* for 90 days to allow further public input. This addresses some of the concerns about the broad discretion. But the proposed regulations include cheque cashers, money order vendors, crown owned or controlled deposit-taking institutions, which are banks, credit unions, trust companies and so on, and even Canada Post money order businesses.

Generally, transactions involving \$10,000 would have to be reported, as would any transaction involving five or more \$1,000 bills. Cheque cashers, money vendors and money transmitters would be required to retain a record of every transaction of \$1,000 or more.

Everything is hidden in these regulations. Nothing has been clearly defined in the bill.

• (1610)

Let us talk about regulations. As the House knows, I am co-chair of the Joint Standing Committee on Scrutiny of Regulations, so I can talk about regulations. I can say that this government governs by regulations only. The House will recognize that 10% to 15% of the laws are made in this Chamber and 80% to 90% of the laws are brought in through the back door. Only 20% come through the front door and 90% are hidden in the regulations. The regulations will hold the real story which no one will know because they will be buried under tonnes of paperwork.

My committee is responsible for examining and scrutinizing regulations that accompany a bill which is passed by both houses, this House and the other house, the Senate. This weak Liberal government that lacks vision, like the Tories before it, crippled our committee's work by not giving it the resources it needs to scrutinize hundreds and thousands of regulations. The bill will have so many regulations attached that only the courts will be able to tell us about the mayhem and the damage done to our economy by this bill's regulations. Every small business will sue the government.

In the Joint Standing Committee on Scrutiny of Regulations, there are about 800 regulations in the pipeline. Those 800 regulations are on questionable files that have been backlogged for years and years.

The House will be surprised to know that some of the regulations have been operating for as long as 25 years against the wishes of the committee which is supposed to be scrutinizing those regulations. For 25 years those regulations have clogged the pipeline and thus the work of the committee. Successive ministers have kept the stonewalling going. The regulations that the committee objects to are kept in place and are fully operable. That is shameful.

I have criticized this bill enough. Let me now discuss some of the suggestions for the government if it is listening. There are only three members here in the House who are listening.

I will call them proposed amendments. Broad delegation to cabinet to make regulations to define what transactions must be reported or who must report should be restricted. There should be precision in the legislation. The term, for example, "suspicious transaction" should be clearly defined, otherwise properties will be seized, like in the case of the flawed gun control legislation under Bill C-68. Broad powers of customs officers to search anyone or open mail should be limited and carefully crafted so that legitimate citizens do not suffer. Privacy and freedom of citizens should be respected. There should be safeguards in place to curtail hassling of persons by customs officers while lawfully crossing the border.

Witnesses before the committees must be representative of a cross-section. Regional and provincial police authorities, businessmen, federal and provincial government officials, all should be invited so that the committee can hear their concerns and ensure that the bill is crafted very carefully.

Law enforcement agencies should be prepared and equipped to deal with sophisticated activities of organized crime. The government does not put its money where its mouth is. We need to invest in the facilities and the tools given to law enforcement agencies so that they can effectively control crime in this country.

Hard positions, intransigence and thoughtlessness have no place in our deliberations when talking about this bill.

• (1615)

We must arrive at the best possible solution to this complex problem. Therefore, all parties must co-operate in the committee work. The committee work should not be like other committee work, which is a sham and so partisan that everyone looks through the lens of politics rather than the lens of issues. Sometimes the actual issue is lost.

I remember once, when I was on the immigration and citizenship committee, we introduced a motion to study fraud and criminal

activities under the Immigration Act for illegitimate immigrants coming to this country, but the Liberal members refused the motion. Even when we want to discuss the future business of the committee, the discussion is based on partisan lines. In committees, when we need a minister to appear to answer some of the opposition members' questions, the motions are often declined.

I urge government members and all members of the House to work seriously at the committee on this serious legislation and come up with a constructive solution that will be the best solution to deal with this issue.

Another suggestion I have is to keep regulations to a minimum because businesses and financial institutions have to deal with so many regulations that they can cause serious problems.

In conclusion, we want to support the bill in principle but the contents and details need to be worked out at committee. We agree with the spirit of the bill but it should be workable. It should offer effective tools to our law enforcement agencies.

The Liberals should take fair warning that we want to see specifics during the committee hearings. The official opposition wants to know exactly what is being done with the bill and what the specifics are in the bill. As it is written, it is very vague. The terms are unclear and will not help to contain the serious money laundering situation. They will also not help the undermining of our economy. The black market, which is another byproduct of money laundering, affects our economy very seriously and puts extra onus on law-abiding citizens who pay taxes.

If we do not define the bill very clearly, we will have the same old story, the catch-22. If we look at the courts, lawsuits will follow, businesses will be hurt and small businesses, which create jobs in the country, will suffer. Jobs are not created by contributions and grants. Jobs are created by small businesses and we should support them by making sure we have clear legislation that will work.

The Liberals have not done that so far with this bill and they should have done that. Hopefully they will listen to the witnesses who came before the committee and accept the amendments that I just put forward which Canadians want us to make in the bill.

In a nutshell, I ask the government and all members of the House to support the intent of the bill. However, we need to look at the substance of the bill, which is not clear at the moment. I am sure at committee, with the hard work and diligence of all party members, we will be able to produce effective legislation.

[*Translation*]

The Acting Speaker (Mr. McClelland): It is my duty, pursuant to Standing Order 38, to inform the House that the questions to be

Government Orders

raised tonight at the time of adjournment are as follows: the hon. member for York North, The Environment; the hon. member for Dauphin—Swan River, Human Resources Development; the hon. member for Lévis-et-Chutes-de-la-Chaudière, Shipbuilding.

• (1620)

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to have the opportunity to speak at second reading of Bill C-22, which is, as hon. members are aware, intended to remedy the flaws in the present legislation as far as money laundering is concerned, which is the common term for laundering the proceeds of crime.

It is estimated that, every year, up to \$17 billion from the proceeds of crime are laundered in Canada alone, most of that amount coming from the drug trade, heroin, cocaine, cannabis and hashish in particular.

It is estimated that, out of that \$17 billion from the proceeds of crime that are laundered in Canada alone, the bulk of it, some \$10 billion, is connected to the traffic in illegal drugs.

This is a major problem. Internationally, according to federal government figures, the total proceeds of crime that are laundered are in the order of \$500 billion U.S., a considerable sum.

Since our arrival in the House of Commons, we in the Bloc Québécois have been calling for money laundering to be considered a violent crime and to be treated as such by judges hearing money laundering cases.

I must say that the government listened to us—a first really for the Bloc Québécois since we got here—because, when the Criminal Code was recently amended, the government paid heed and decided that money laundering would now be considered a violent crime.

The word “violent” is not used lightly. As I mentioned, in Canada, the laundering of proceeds of crime is a \$17 billion business, including \$10 billion from drug trafficking. There are human tragedies behind these figures.

For example, every year, thousands of children in Canada become addicted to so-called hard drugs. Perhaps we should stop making a distinction between hard and soft drugs. For example, while, 100 years ago, cannabis was considered a soft drug, it now has an hallucinogenic content 7 to 30 times greater than the cannabis that was being sold in the 1970s. Therefore, we can no longer talk about a soft drug. All drugs are becoming hard drugs.

Associated with the laundering of proceeds of crime are human tragedies, particularly in the case of illicit drugs. Thousands of children become addicted to these hard drugs, with all the social costs that this situation might generate.

Government Orders

Every week there are tragedies, such as killings between biker gangs for control over criminal activities, including the drug market. In the end, the laundered money is the product of these tragedies, these wars between biker gangs, which often claim innocent lives.

We must never forget or lose sight of the fact that, in addition to the thousands of children who become addicted to hard drugs every year, there was also an 11-year old boy who died in Montreal in 1995 because a bomb exploded right beside him as a result of this war between biker gangs to control the drug trade.

Associated with money laundering are also murders. In 1994 alone, no fewer than 79 murders were committed in Quebec alone to gain control over the drug trade. Ultimately, the proceeds of such crime turn up as laundered money.

• (1625)

There were 89 attempted murders, 129 cases of arson, and 82 attempted bombings. In 1998, there were 450 acts of violence related to control of the drug trade. Such are the social and economic ramifications of this laundered money. Just to help children who have turned to hard drugs because of criminals get off them is costing Canada a minimum of between \$4 billion and \$7 billion annually. This is quite a sum of money.

Considering money laundering a violent crime and improving the existing legislation concerning the laundering of proceeds of crime is a step in the right direction.

As I mentioned earlier, without blushing, the fact that money laundering is now considered a violent crime is the product of the work of several members of the various political parties in the House, but particularly those of the Bloc Québécois, who worked relentlessly to have this included in the Criminal Code, with everything that resulted from that in terms of toughening our laws.

Before getting into the provisions of this bill, I would like to make an important comment. Justice in this country has always been one of the Bloc Québécois' main concerns. Our party has always wanted to see justice done. It has always wanted justice to be effective and to stop the real criminals.

Apart from money laundering, we have devoted our attention to at least six other issues. That has allowed us to progress in this parliament, with the measures that were announced both recently and earlier. They are the product of the work members of the Bloc Québécois have done in the area of justice.

Take for example the removal of the \$1,000 bill from circulation. Our colleague from Charlesbourg went on a crusade to have those Canadian bills taken out of circulation. Why was that so important?

First of all, Canada is the only country to have such high denominations. When one looks at the United States or Europe—

and it has been demonstrated around the world—that having \$1,000 bills in Canada facilitates criminal transactions. It also facilitates money laundering.

In order to better illustrate the crucial need for the elimination of the \$1,000 bill, something the Bloc Québécois has worked to convince the government on, let me give the following example.

A street sale of 20 kilos of cocaine generates profits of between \$2 million and \$4 million, depending on its purity. How much does a mix of bills of \$10, \$20, \$50 or \$100 denominations weigh? The small denominations weigh 120 kilos. Imagine the handling involved for the criminals doing the laundering, who collect the proceeds of crime, of the sale of the 20 kilos of cocaine, how much easier it would be for them to carry higher denominations such as \$1,000 bills and to launder them. It would be a lot easier.

If they just use \$1,000 bills, if they have them to convert \$5, \$10 or \$100 bills, they have to handle only two kilos worth of bills. They start off with 120 kilos of bills of small denominations and, with \$1,000 bills, they cut the weight of the proceeds of crime to two kilos. It is a lot easier to go around with a two kilo bag of money from the sale of cocaine, heroin or some other illicit drug than to have to handle \$5, \$10, \$20 or \$100 bills.

• (1630)

We worked very hard with law enforcement authorities to convince this government that the \$1,000 denomination needed to be withdrawn. The Secretary of State for International Financial Institutions recently announced that he would soon be withdrawing the \$1,000 bill from circulation. That is good news, and I would again like to congratulate my colleague from Charlesbourg for his considerable efforts in this connection, along with my leader, the hon. member for Laurier—Sainte-Marie, and all of the Bloc Québécois. They have fought long and hard to get this measure implemented, in order to have the \$1,000 bill taken out of circulation.

Any measure—and we can never say this too often—that can hinder organized crime is a welcome one. Any improvement to the Criminal Code, like the other measures created to make the police forces' work easier, is a welcome one, if the objective is to fight more effectively against organized crime and to make it harder and harder for them to operate in Canada and internationally.

We in the Bloc Québécois have addressed one other important matter, on which we have also taken action: pawnbroking. My colleague from Hochelaga—Maisonneuve has done an admirable job in this connection to ensure compliance with municipal bylaws concerning record keeping by pawnshops. Such compliance prevents these businesses from becoming a means of laundering money, the proceeds of crime, or other crime related property. This represents a considerable victory for the Bloc Québécois, and this action again arose out of a concern for greater justice and for

making it easier for law enforcement officers to collar real criminals.

The efforts by the Bloc Québécois member for Hochelaga—Maisonneuve have led to tighter controls on pawnbroking establishments. Following these efforts, 70 pawnshops closed in Montreal. These businesses did not comply with municipal bylaws and they bordered on being illegal. These 70 pawnshops were probably used to launder money.

The fourth issue that we in the Bloc Québécois tackled because we care about justice, which is also reflected in Bill C-22—and we will get back to this a little later—is the fight against organized crime. A few months ago, the hon. member for Berthier—Montcalm, who is here today, tabled a motion in the House to establish a justice subcommittee to find ways to fight organized crime more effectively.

I was very pleased to see that, through the work of the hon. member for Berthier—Montcalm and all members of the Bloc Québécois, we were able to convince not only the government but all the parties in this House of the need to set up such a committee. Incidentally, the subcommittee will begin its work next week to report back in the fall, with a series of recommendations on how to increase the effectiveness of our fight against organized crime. These measures will not only allow us to catch petty criminals, but also the leaders, for crimes that they commit or that they ask others to commit.

I hope the work of that committee will be successful, because it is in everyone's interest. I do hope that the consensus achieved by the hon. member for Berthier—Montcalm and the Bloc Québécois is a guarantee that we will get recommendations that will take us one step further in the fight against crime.

The fifth issue concerns the increase in the RCMP budgets, particularly as regards the fight against drug traffickers.

• (1635)

It is something that we have often talked about here. Recently, under special circumstances which you know, I had the opportunity to express to you the terror experienced by farm families not only in my riding, but throughout Quebec and Canada, particularly in southeastern Ontario.

That feeling of terror sets in every year as criminals confiscate certain plots of farmland in May, at the beginning of the farming season, to prick out cannabis seedlings and let them grow until late fall. During that period, not only thousands of farm families throughout Canada live in terror, but they can no longer enjoy their property. These farmers receive death threats. They are told their children could be harmed. They are told they themselves could be physically harmed should they venture too close to the cannabis planted by these criminals.

Government Orders

We had the opportunity to discuss that. From the example we saw in the Montérégie region, particularly in Saint-Hyacinthe, we, in the Bloc Québécois, had the opportunity to demand that the government increase the budgets of police forces and give them the tools they need to do their job.

It was ridiculous. Since 1994, the Minister of Finance, who prides himself on being a good manager, had reduced the RCMP budget to fight money laundering and drug trafficking by 12% or 15%, depending on the item.

While we were witnessing exponential growth in organized crime activity, the Minister of Finance, with his usual wisdom—when something does not concern him or his shipping companies and his profits, I think he is less interested in the common good—had cut budgets to fight criminals.

I want to make the point again that Bloc Québécois members, who are concerned about justice and brought pressure to bear, have managed to get the RCMP budget increased this year and additional resources allocated to the various RCMP detachments in order to wage a more effective battle against drug traffickers.

In addition, Bloc Québécois representations resulted in the maintenance of all RCMP detachments in Quebec threatened with closure, in many cases because of bureaucratic decisions that ignored the fact that an effective fight against organized crime must be like a chess game. If there are gangs of organized criminals in one location, there must be a strong police presence nearby.

There has been such a presence for several years now. Trust must be established between these police forces, which include the RCMP, the Sûreté du Québec and municipal forces, and the public, particularly in a case where the law of silence reigns, where there is a regime of terror surrounding the activities of drug traffickers. It takes time to build up this trust.

And yet the federal government threatened to close down many detachments in Quebec when what should be done is to increase the resources in order to wage a more effective anti-crime campaign. It should not be forgotten that it is Ottawa that has the means to increase budgets to wage a more effective battle against organized crime.

Once again, because of the Bloc Québécois' efforts, budgets were increased and RCMP detachments kept open in order to wage the battle against organized crime more effectively.

One more step remains—increasing resources in the short term—and I will have an opportunity to get into this a little later on. If there is to be another year this year of “agricultural” activity by drug pushers in the fields of Quebec and Ontario, and it takes two or three years before any action occurs, this means two or three

Government Orders

years more of a reign of terror threatening whole families, with the billions these criminals pocket from their illicit activities.

Another productive effort by the Bloc Québécois in its concern for improving justice and the means available to the government and to justice to fight organized crime involved the requirement to disclose any dubious transaction involving \$10,000 or more and increasing the number of institutions obliged to report such transactions or any other dubious transaction.

• (1640)

In its 1997 election platform, the Bloc Québécois expressed its concern at identifying all dubious transactions and ensuring that all institutions and individuals suspected of handling dirty money be obliged, in case of doubt about the amount of a transaction, to report such a transaction.

The law was distinctly lacking in this regard. Under it, an impressive number of financial institutions were and still are not obliged to report dubious transactions of \$10,000 or more or any other transaction. They do so on a voluntary basis.

As far back as 1997, we were calling for this declaration to be made mandatory, for there to be a ceiling above which all dubious transactions of sizeable amounts, say \$10,000, would have to be reported, along with any other suspicious transactions or transactions by suspicious individuals. We called for the scope of this legislation to be expanded to other institutions, bodies or individuals liable to be dealing with such suspicious amounts or transactions.

We are pleased to see that, with Bill C-22, the government has finally grasped what the Bloc Québécois has been calling for since 1997, out of concern for justice and effectiveness of police and customs operations to nab criminals. The government has finally understood that it was in the common interest, the national interest and the interest of Quebecers and Canadians, to implement these recommendations by the Bloc Québécois.

Essentially, Bill C-22 does what the Bloc Québécois had proposed. This was essentially what had to be done, for the present at least. There are some questions, but we are only at second reading. Other steps are yet to come, including consideration by a committee and report stage. We will have some questions to ask, but overall what we find in this bill is satisfactory to us in principle. It is also satisfactory in its application, with a few minor reservations I shall go into later.

First of all, the bill makes it mandatory to report suspicious transactions, at a level that has been set at \$10,000 or more, but also any other transaction where there are grounds for suspicion about the origin of the funds, in other words transactions which

might involve the proceeds of crime, whether drug trafficking or any other criminal activity.

The bill also broadens the scope of existing legal provisions. Again, this responds to our repeated representations, since 1997, regarding certain flaws in the provisions dealing with money laundering. The bill specifies that this reporting, which is now compulsory in the case of suspicious transactions, has been broadened to include all regulated financial institutions, casinos, businesses involved in foreign exchange dealings, persons engaged in the business of dealing in securities, insurance companies and persons acting as financial intermediaries, such as lawyers and accountants.

We feel this is an improvement. As I said, we will have questions for the government, officials and numerous witnesses who will soon appear before the Standing Committee on Finance, but, on the face of it, the Bloc Québécois is pleased with this measure.

The bill also increases the penalties for illicit or criminal activities, namely the laundering of proceeds of crime.

• (1645)

As I mentioned earlier, since money laundering is now recognized as a violent crime, these penalties are harsher than they used to be.

A second improvement found in Bill C-22 is the series of provisions dealing with transborder operations, such as imports or exports of currencies or instruments, such as travellers cheques, and any illegal trafficking of these currencies or instruments. The provisions have been strengthened precisely to catch the real criminals who engage in this type of illicit trafficking.

First of all, the bill increases the powers of customs officers to search people and vehicles. In this regard, we have certain reservations but, overall, we agree with the principle that when there is serious and reasonable suspicion—and customs officers are well trained—with respect to the trafficking of such currency or the failure to report such currency or monetary instruments—it would be normal—let us be honest—to check whether or not such instruments should be seized, the traffickers pursued and the real criminals required to pay.

There are also provisions for co-operation with foreign countries. Too often, discussions about globalization ignore the fact that it is not just about trade and legal matters in the noblest sense. One example given is international tribunals trying war criminals. Globalization also has to do with very close co-operation between governments to catch criminals. We must never forget this.

Recently, there was a conference in Russia on the evolution of organized crime. We must remember that organized crime is becoming increasingly international. I repeat what I said earlier: every year, world wide, approximately \$500 billion U.S. is laun-

Government Orders

dered—and money launderers do not file tax returns. This is the amount laundered internationally. Part of this money falls into the hands of organized crime in Quebec and in Canada.

This is a lot of money and it leads to some tragedies, as I mentioned earlier. Co-operation between governments is essential. Such co-operation, which was also called for in a recent international conference on the subject, is made possible by Bill C-22.

Finally, Bill C-22 provides another innovation. Following consideration in committee and questioning of officials and witnesses appearing before the committee, we will be more certain of our final analysis. At first glance, though, the third major clause of this bill, which provides for the creation of a financial transactions and reports analysis centre of Canada, is a step in the right direction in that, at the moment, information on criminals, money laundering and interprovincial transactions is spread here and there.

All efforts to centralize this information or to obtain the co-operation of other police forces or between the investigators of the financial transactions and reports analysis centre of Canada, the various police forces and even Revenue Canada are welcome.

In the future, with this centre, all information on suspicious transactions and those that may lend themselves to money laundering will be centralized. There will also be information on individuals or institutions found guilty of failing to make the mandatory disclosure in the case of a suspicious transaction or of having been accused of money laundering themselves.

• (1650)

I am pleased to note the bill provides that information disclosed by the centre—very confidential information will pass through it—will be carefully controlled and governed by the Privacy Act. This is good news, but we would like to question the government and the officials who worked on the bill, and hear them as witnesses before the Standing Committee on Finance to be sure this information will not be used and cast to the four winds or, more importantly, sold for financial gain.

Very sensitive information will pass through the centre. We want to make sure the requirements of the Privacy Act are met.

As I have said, we do have certain reservations about the bill nevertheless. The first of these relates to increasing the powers of customs officers. This may be beneficial. Often, customs officers may have their hands tied by various constraints that make it impossible, even if they are suspicious, to carry out the necessary search in order to collar real criminals.

We are concerned, at the same time, about people's rights and freedoms. This will be one of our concerns during the next stages

of examination of this bill. We would like tight controls over the work of the customs officers, with strict regulations, so that there will not be any abuse relating to searches of individuals or their vehicles. Customs officers must have a framework of operation.

Second, a question arises, particularly in the light of clause 73 of Bill C-22: the extraordinary power assigned to the Governor in Council, and the minister responsible, for making any regulations relating to the legal provisions of Bill C-22.

We have misgivings about this. To give so much power to a group of individuals, to the Governor in Council or the minister responsible, on matters that might become criminal in nature, without involving parliament, has always meant to us that the powers of the departmental employees and the minister are extraordinary. This has also come up in other bills.

We want to know if it would be possible to ensure that the House has a say in the process, to make sure that the powers are not concentrated in the hands of a few individuals when it comes to such important issues, particularly as regards the regulations that have yet to be drafted to implement Bill C-22.

This is another concern we will raise when a more in-depth review of the bill is conducted by the Standing Committee on Finance and at the various legislative stages.

We have a third concern regarding this bill, but also the whole issue of organized crime. Next week, the justice subcommittee will be meeting. It enjoys the unanimous support of the House of Commons, with regard to what still needs to be done to give adequate tools to police forces and what changes must be made to the Criminal Code to fight organized crime more effectively.

Last year, I went through a harrowing experience, not just me, but several other people too. Some people have been going through that experience for years. I am referring to the reign of terror, the law of silence imposed by organized crime on people whose lands they invade. These people cannot say anything, otherwise they are beaten or receive death threats.

I would like to send a message to the government. Will this subcommittee get the government's co-operation so that, by early fall, we can have measures that will truly help us fight organized crime effectively?

Second, was the government's support for the establishment of that subcommittee just a smoke and mirrors operation, or will it truly help the subcommittee to propose a series of recommendations with, of course, the input of opposition members, including Bloc Québécois members, to fight organized crime more effectively? The hopes of several thousand people rest on that subcommittee.

Government Orders

• (1655)

I do not say that as a figure of speech. I have met people who have been living in terror for the last three, four or five years because of threats from organized crime. They place a lot of hope on the work of the justice subcommittee, on measures to fight organized crime more effectively and to protect them.

They also place a lot of hope on short term measures. I will put particular emphasis on the illegal production of cannabis on Quebec and Ontario farms, for obvious reasons.

I remind the government that, in the short term, before the justice subcommittee can make its recommendations in the fall, it is imperative that we take a series of measures immediately, this year, to fight the illegal production of cannabis, with the farming season that will start at the beginning of May and with the pricking out of cannabis seedlings in our farmers' fields.

If we do not take action this year, we are giving one more farming season, one more year of illegal profits to criminal organizations in Quebec, Ontario, British Columbia and throughout Canada, but particularly in eastern Canada and in the westernmost part of Canada. It is one more year of extraordinary profits, or proceeds of crime, that we are giving them.

It is also one more year to convince even more school children—and the Standing Committee on Finance will have an opportunity to hear from people involved in the schools who see what is happening—to sell them not just cannabis or hashish, but also heroin and cocaine. They will have another year in which to damage the future of thousands of children in Quebec and in Canada.

If action is not taken immediately in April or May to let organized crime know that things will no longer be the same and that, this year, measures will be implemented on the strength of increased budgets, for the RCMP among others, I think that a good opportunity will have been missed to show that we are really serious about fighting organized crime.

As I said, starting with my riding of Saint-Hyacinthe—Bagot, there are thousands of farm families and owners of woodlots who are waiting for short term action from the government and who are probably glad that money laundering provisions are being tightened.

The more we cut the ground out from under organized crime and money laundering, which is the key to the long term profitability of criminal activity, the less it will tend to increase its annual production or squatting on land in order to grow cannabis, exchange it for cocaine or heroin on the American market and so forth, and profit from the proceeds.

People are also happy that the continued pressure brought to bear by the Bloc Québécois has meant an increase in budgets to fight

organized crime. That is undeniable. But they are waiting for short term action.

I bring this message to the government. We must see improvements before the start of the next criminal cannabis production season. We must see improvements. After breaking the law of silence, and I am not the only one to have done so, there were others after me in my riding and throughout Canada, we have to improve the situation. Organized terrorism in the fields of Quebec and Canada must stop this year or at least there must be a marked improvement, because it cannot continue. I have met farm families who are victims of organized crime, and this has to stop.

If the government hears us as members, and I think that opposition members are very aware of this issue, it must announce, this year, in the coming weeks, that it is taking steps to reduce criminal activities, beginning with those of the drug dealers.

We will continue to analyze this bill considering it a step in the right direction but recognizing that there are many things yet to be done so that the freedom we were proud of in Quebec and in Canada is not a false freedom, but rather true freedom because we will deprive organized crime of the power to threaten the freedom of the majority of the people.

• (1700)

Hon. Jim Peterson: Mr. Speaker, I rise on a point of order. I neglected to acknowledge the great battle against criminals and crime that has been waged by the hon. member who has just spoken, and I must congratulate him on behalf of the Liberal Party and all members of this House.

The Acting Speaker (Mr. McClelland): That is not a point of order, but never mind.

[*English*]

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Mr. Speaker, on behalf of the New Democratic Party caucus I am pleased to stand in this assembly and join with all of my colleagues to trash money laundering and to say to Canadians that we unanimously support eliminating criminal activity in this country. Otherwise, it would be a very different debate, if some of us defended the criminal activity that exists in our economy.

Bill C-22, which deals with the proceeds of crime from money laundering, is a very important piece of legislation in many ways, but it could be better. We have heard some of the speeches from the minister and others who talked about the wonderful and positive things it might do, and I believe that it will have a positive effect on our economy. However, I am concerned about a number of issues with respect to the bill.

Government Orders

The NDP supports this bill in principle. It is obviously important to support the introduction of legislation that curbs illegal activity.

However, there is a problem because of the wariness concerning the lack of certainty and clarity in some parts of the bill. Before I address that, Mr. Speaker, I would like to share with you some of the concerns I have with this bill.

First, I am concerned that this is going to be a piece of feel good legislation. The Liberals in the past have introduced legislation which I classify as feel good legislation. I hope this bill will not fall under same definition. What I mean by that is that the Liberal government tends to address very serious criminal activity in this country with a piece of legislation that makes Canadians feel good that something is happening to protect them, but in fact nothing ever happens to protect them. There is a law on the books, but there are never any resources to back up the legislation.

I would use two examples. There was cigarette smuggling in Quebec and Ontario a few years ago when the Liberals were cutting everything, including customs agents, police and security forces. A certain group of individuals started smuggling cigarettes into Canada, selling them in Quebec and Ontario. Rather than pass legislation which supported the customs and duty officers and our police forces in nabbing the people who were smuggling, they introduced a piece of feel good legislation. They made people feel good because they were doing something by passing a law which took federal tax off cigarettes in Quebec and Ontario, but that cost taxpayers \$2 billion a year. Guess what. The smugglers went from smuggling tobacco to smuggling guns.

Rather than dealing with legislation like the Firearms Act, they should have committed resources to nab the gun smugglers. What did the government do? It passed a gun registration law, which has nothing to do with protecting Canadians, but it made them feel good that the Liberal government was actually doing something to protect Canadians. In fact, it was not doing a darned thing. It was encouraging smugglers to continue to smuggle.

We have these two pieces of feel good legislation which the Liberals passed. One was on tobacco taxes, which cost us \$2 billion a year, and which will probably add tens of thousands to the debt because more people will be smoking in Ontario and Quebec because of the low price of tobacco. Then they passed the Firearms Act, which forces criminals to register their guns. As we know, criminals do not register their guns. Nothing has changed.

We now have Bill C-22, which is supposed to stop money laundering in Canada. If anybody believes this is going to be the epitome of legislation, they are dreaming in technicolour. I hope it has some effect, but if the bill is not backed up with some cash and resources to provide our country with more security, more police

officers and more customs agents to look into these issues, then the law will be useless. It is a feel good piece of legislation. The government is trying to make Canadians feel good about it, but nothing will ever happen. The same old story continues, the money laundering, smuggling and all the criminal activities committed by people who want to use handguns and other kinds of illegal weapons.

• (1705)

The potential in this bill is very great, but I want to raise a couple of issues which I feel have to be addressed.

First, I am hoping the Liberals will put some money where their mouths are for a change when it comes to a piece of legislation which is in principle very good, but will not work unless there are some resources put behind it.

Another problem we see with the legislation is the potential for charter violations. The guarantees of reasonable search and seizure in the charter are at risk in our view with this bill.

The Criminal Lawyers' Association argues that the standard of suspicion outlined "fails to meet even the first and fundamental requirements of reasonable grounds".

The legislation may create an irreconcilable conflict for professionals, such as lawyers, who remain subject to certain codes of conduct that prohibit them from disclosing information. It must also provide a mechanism to absolve an individual from the potential liability that may result from disclosing this particular confidential information.

The third issue in terms of our concerns is a possible pressure on consumers. As the consumer affairs critic, I am very concerned about every piece of legislation that comes before the House which would cost consumers more money than it would benefit them. We feel that the reporting regime set up to track and communicate suspicious transactions from criminal activity have at least two financial repercussions for consumers.

First, there is a cost to be borne by the taxpayers for the establishment and maintenance of the financial tracking system that will be set up. Second, in having to establish compliance mechanisms, there is a concern that the cost for setting up reporting mechanisms for financial institutions will be borne by these institutions' customers. That means that the consumer stands to pay the fare one more time.

The fourth issue of concern for us is the question about the system's effectiveness. There remains a series of concerns about the planned reporting scheme's effectiveness. There is a warning that the new regime has the potential to create a bureaucratic behemoth and the chance that organized crime could short-circuit such a system through a series of shadowy sophisticated transactions. Money might be better spent by granting law enforcement

Government Orders

investigative bodies additional resources to detect and prosecute money laundering offences.

The fifth concern we have is that the bill does not address technology based crimes. Technology based crimes include credit card and debit card fraud, telephone fraud, stock market manipulation, computer break-ins and so on. These are very important because they are on the rise. More and more people are using the Internet. There is a huge growth in the debit card business. More and more consumers are using cards for instant transactions. A lot of personal information is on the Internet and is in the hands of tens of thousands of businesses in the country.

Increasingly organized crime syndicates are using technological and digital means of communication, such as encryption and scanning devices, potentially circumventing the provisions of the bill. People can buy a scanner for \$200. Things can be scanned quickly, and then that information is put into a computer, which puts it all at risk.

What is more important is that money laundering is taking place in many cash businesses, not just with card transactions. I will not mention any particulars, but take for example a cash business such as a fast food franchise.

I happen to know someone from New Jersey who owns a fast food franchise. I asked him why he had it, because he was a very wealthy person. He said he had a couple of other businesses, but when his five year old daughter was asked what her father did he did not want her to have to answer something that was really not important or perhaps on the verge of not being legal. So he bought a fast food franchise and his daughter can now say that her dad owns a fast food franchise that sells ice cream. It is actually quite nice.

• (1710)

Of course, a cash business like that opens all kinds of opportunities for people to launder money. I am not suggesting that person is doing that, but it is one way to do it.

Another way to launder money would be for a family to buy five or six business class airline tickets to Europe, decide not to use them, cash them in and the money goes to the money launderer who gave them the money to buy the tickets in the first place, and then they split. I am not sure if that situation would be covered by the bill, but there are thousands of ways to launder money, more ways than I could recall.

We feel that we have to toughen up the bill and put some resources behind it to assist the lawkeepers and the peacekeepers in ensuring that the laundering issue is addressed in a tighter way.

A clearer and more precise definition of what constitutes a suspicious transaction is needed. The subjective nature of the

definition could provide an excuse for compliance failure and, as a result, many suspicious transactions may not be reported.

In addition, the use of a vague definition could result in institutions over-reporting for fear of involuntary non-compliance, thus creating unnecessary and unwarranted scrutiny of innocent individuals.

The proposed legislation must clearly address the issue of the threat to the privacy of Canadians, specifically the possible disclosure of information to Revenue Canada, should it involve a taxation matter. Strict guidelines must be established.

It must also address the possible violation of the guarantees of reasonable search and seizure under the charter or rights and freedoms.

In addition, the issue of tax related offences should be addressed. Tax offences occur when money is transferred to offshore tax havens through offshore companies, trusts and bank accounts when the purpose is to conceal assets from Revenue Canada.

Money laundering, on the other hand, involves the intent to conceal criminal profits to make them appear legitimate. We have seen the Royal Bank, the Bank of Montreal, the Bank of Nova Scotia and the Canadian Imperial Bank of Commerce account for 80% of local banking in the Bahamas. Both the Royal Bank and the Bank of Nova Scotia have been implicated in money laundering cases in the Caribbean on more than one occasion. In one case the court ordered the Bank of Nova Scotia to pay \$2,500,000 in fines, noting that laws should not be used as a blanket device to encourage or foster criminal activity.

What I am really worried about is that small aircraft and boats can land in our country and in the U.S. at tiny airports or marinas and they rely on the honour system when it comes to customs declarations.

The federal government also has plans to implement signing accords with major shippers that will allow them to cross into the U.S. without stopping. Companies would provide computerized updates to Revenue Canada of their shipments and custom agents would make spot checks at company locations rather than at the border.

The Liberal government has cut in half the customs enforcement budget, and it is still cutting. I am concerned that if this is not stopped and reversed, then this feel good legislation will be just that; it will not solve the problem, but through the public relations offices of the Liberal Party of Canada and the federal government they will try to persuade people that they should feel good because the legislation is there.

We heard that money laundering is the world's third largest industry by value. Between \$5 billion U.S. and \$17 billion U.S. is laundered in Canada each year. Money laundering extends far

Government Orders

beyond hiding profits from narcotics. It includes trade fraud, tax evasion, organized crime in arms smuggling, and bank and medical insurance fraud. I would hope the government would provide the appropriate resources to address and look into these issues further.

American tax collectors estimate that they lose about \$9 billion yearly to tax evasion. This comes from a book by Diane Francis entitled *Contrepreneurs*. At a rate of 1:10, because Canada's population is about 10% of the population of the United States, we stand to lose at least \$1 billion. That sounds like a lot of money over a period of a year. When we look at it in terms of how the Liberals have helped their friends evade taxes, it is a drop in the bucket. Some members may be wondering what I mean by that.

• (1715)

If members will recall, the Liberals allowed the Bronfmans to transfer billions of dollars in trust accounts to the U.S. without paying taxes on the accounts. This created a loss to the Canadian taxpayers of almost a billion dollars. I think it was \$750 million but we would not know because we were not told the value of the tax evasion, which was supported by the Liberals and the member for Wascana who also supported it front and centre. The Liberals allowed the Bronfmans to take this trust fund, which was set up in trust for the Bronfman family to use in Canada, and move it outside the country, thereby avoiding taxes.

I think Canadians view this kind of legal money laundering or legal tax evasion, which the Liberals support, as something that is a very big concern.

If the hon. member for Wascana has some suggestions we would appreciate his participation in the debate. I am sure he would be able to provide more information on that than I can.

The other concern I and the NDP have is that we have a money laundering bill that will be tough and that will address the issue of criminal activity and proceeds from criminal activity. Obviously if the government had the wherewithal it would try to shut down all the criminal activity in this country. That would be an honourable objective but I am not sure how the government views that. It has not really undertaken, in my view, a comprehensive attempt to do that.

In particular, the RCMP, which has really been choked for funds, has been strangled in terms of trying to hire and train enough officers in the country to handle just the bare, basic bones of police provisioning. The Liberals have choked back funding to the RCMP over the years to the point where in Saskatchewan alone we are 200 RCMP officers short. Over the last three years the Liberals have not provided enough funding to the Regina RCMP training depot.

I am happy to say that in this budget the Liberals did provide more money to the RCMP training academy, and I thank the

member for Wascana for that effort. I think it is a very important initiative but it is too little too late. We are still waiting for the weather station that the Liberals promised in the last election.

Hon. Ralph E. Goodale: It is there. It is up and running in Bethune.

Mr. John Solomon: It is up and running in Bethune?

Hon. Ralph E. Goodale: It has been there for two years now.

Mr. John Solomon: It was in my riding and he never invited me. He should have invited me to the opening. He has to be more co-operative.

I am glad to see that is happening. One of his promises has been completed.

I want to get back to the RCMP because it is a very important institution in my riding. I know the RCMP were very concerned about the lack of funding and the lack of money involved in recruiting and training new officers. Hopefully the government opposite will provide sufficient funding for these individuals.

While I am at it, I want to say that I am very concerned about the privatization of the RCMP depot. Many of the workers there have worked hard to support the RCMP and to make sure that it is one of the best policing institutions in the world, but they are not treated as fairly as we think they should be treated.

My final point is that if the bill can provide some sort of controls on laundering money from criminal activity, why can the government not introduce a bill that will provide a Tobin tax on financial transactions that are legal?

By unanimous consent, the House of Commons passed a motion, which was introduced by my colleague, the NDP member of parliament for Regina—Qu'Appelle, that would undertake to institute a Tobin tax for Canada and the rest of the world but I have not seen any kind of initiative by the government.

The member for Wascana is here today and he has done a couple of good things in the last while. He has not done as much as we would have liked but he is progressing. We are training him well and we are happy he is finally taking some of our ideas to heart. I was wondering why he will not undertake with his colleagues, the Minister of Finance and the Secretary of State for International Financial Institutions, to initiate the promise in the motion that was passed in the House to support a Tobin tax which is a financial transaction tax on all the stock market transactions. There are no taxes on those particular transactions. Most members of parliament in Canada believe there should be a tax. Most elected officials in the world believe there should be a tax. The people who do not believe there should be a tax are the people in wealthy corporations and in very wealthy families.

Government Orders

• (1720)

The Liberals continue to support that kind of approach, that of the very wealthy corporations and very wealthy families in this country.

I am very concerned whether they will allow more tax evasion by wealthy families like the Bronfmans, whether they will allow more tax evasion by wealthy individuals and companies on the stock market or whether they will undertake to do what Canadians want them to do, which is to institute a Tobin tax, a fair tax on financial transactions on the stock market and throughout exchanges in the world so we can have a very controlled, steady and stable system that would not encourage people who get money through illegal means, such as money laundering, to use the stock market for their particular advantage.

In summary, we support the bill in principle. It has many more positive things to address. The government needs to put in some resources to support the bill to make sure that the law it is passing can actually be carried out by our law enforcement agencies.

Hon. Lorne Nystrom (Regina—Qu'Appelle, NDP): Madam Speaker, I want to ask the member a question because, unknown to the House, he is an expert on laws around the world concerning money laundering and has a great deal of background in this area.

In the member's opinion, why did the government leave out the whole question of tax evasion? I see the member from Saskatchewan across the way. The minister is in the cabinet and I would ask him this question but I cannot because this is not question period. Tax evasion is not addressed in this bill.

The Internal Revenue Service in the United States estimated that the tax collector loses about \$9 billion a year in the U.S. because of tax evasion. Nine billion dollars a year is a lot of cash. If one were to extrapolate that into Canadian dollars, where we have one-tenth the population, it would mean, if we were similar to the United States in terms of our loss of money through tax evasion, that we would lose about \$1 billion a year. That is a lot of cash. It could pay for a lot of health care and a lot of educational systems that we all need. It could also address some of the farm crisis. It could address all kinds of major problems that we have in the country.

In his very studied and learned opinion, why does the member for Regina—Lumsden—Lake Centre think this is not part of the bill. Is it too complicated or just not a high enough priority? Why would this not be part of the bill?

I also appreciated his comments on the Tobin tax. If we can follow the flow of money in terms of criminal activity—and I remind the House again that the third largest industry in the world is criminal activity in terms of the flow of illegal money, dirty money—by setting up rules and regulations in the OECD and the G-8, then it puzzles me as to why we cannot do the same thing on

currency speculation in terms of what is called the Tobin tax. I maintain that if there is a will, there is a way as well.

Anyway, I will go back to the tax evasion issue and ask why it is not included in the bill.

Mr. John Solomon: Madam Speaker, I thank my colleague, the member for Regina—Qu'Appelle, for that very important question because I actually never addressed that in my remarks. I ran out of time but I had many more things to say.

Tax evasion is not addressed in this legislation because it is a possibility that many Canadians have a lot of flexibility in terms of accessing sophisticated offshore companies. Trusts and bank accounts can be set up in places like the Bahamas, which I mentioned earlier. Canada's chartered banks all offer banking services and tax savings, with most services offered in the Caribbean and Switzerland. Money that is in an offshore tax haven is not only out of reach of Revenue Canada, it is also safe from creditors.

In my remarks earlier I said that the reason it is not in the bill, I suspect, is because the government's very wealthy friends do not want it to be in the legislation. One example of why I say that is the Bronfmans. They had a trust account in this country which was set up under legislation created by the Liberals in the 1970s on a 20 year term. It was extended by the Conservative government for a number of extra years. When the term was coming to an end and they had to actually pay taxes on the trust account, the Liberals encouraged and gave permission for the Bronfmans to transfer this multibillion dollar trust account outside of the country, thereby avoiding taxes in Canada.

• (1725)

It is estimated that we lose about \$1 billion a year on tax evasion. That one transaction that the Liberals undertook, encouraged and allowed the Bronfmans to undertake, cost us about \$750 million in lost taxes on one transaction. I think the estimate of \$1 billion is really out to lunch.

The bottom line is that the reason tax evasion is not in the bill is because the wealthy friends of the Liberals, the wealthy powerful corporations who support the Liberals, do not want it in here. Guess who pays the piper?

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I congratulate the previous speaker on his recent designation as world expert in the area of money laundering.

Bill C-22 is of course a very important bill before us today and it is long overdue. In the final analysis it will bring about some very necessary and important changes in the country.

Put quite simply, Bill C-22 will make it mandatory for financial institutions to report suspicious transactions and will create a new federal centre to receive and manage reported information with respect to potential criminal activity, both inside and outside our borders.

It is quite obvious that this should and is a priority for many in the country. Sadly, the government has waited a significant period of time before introducing the legislation, although there was an outcry from around the country, particularly within the policing sector, asking that something be done to assist them and to give them the tools to address this growing problem.

We all know that this is but part of a larger problem. That larger problem obviously being organized crime, again here in Canada.

To reflect upon the government's addressing of that, it took a motion from the Bloc Québécois to bring this matter to the forefront, based on the fact that one of their own members was under threat of violence as a result of his addressing the issue.

This particular legislation focuses the efforts of the law enforcement community and the entire system on addressing the problem. The money that is often shifted between countries and financial institutions, investments of that sort without a paper trace, is something that opens the door to a significant ability to launder money, which is highly criminal and obviously highly attractive to criminal organizations.

We have to be more aggressive and more vigilant in addressing this problem. I commend the solicitor general for the legislation at this time because it does empower law enforcement agents to address this. This centre I do hope will become a focal point and will receive the funding necessary to do that good work.

Giving law enforcement agents the tools is the belief of the Progressive Conservative Party. I know the member for St. John's East, as do all members of our party, do support the idea that law enforcement agencies throughout the country, sadly, have not been given the resources and the support from the government to achieve the very important task that they have before them. This legislation does move in the right direction in that regard.

Canada has been under heavy criticism in recent years with respect to the fact that the United States is feeling more vulnerable as a result of our lax internal security measures.

When I am talking about trafficking, it is not only in money that we see this occurring. It is often very much the illicit drug trade, firearms, pornography and all those things which Canadians want to feel a significant degree of protection from and where we should be focusing our efforts to close down our borders with respect to that type of material.

Money laundering, in and of itself, poses to law enforcement personnel one of the greatest challenges in the ongoing battle of

Private Members' Business

organized crime. To fight organized crime effectively, law enforcement agencies and we as legislators must address those challenges posed specifically by current trends in money laundering, and adapt strategies to respond to those challenges.

The Acting Speaker (Ms. Thibeault): We must stop at this time, but the hon. member will have approximately 15 minutes left when the bill is again brought back before the House.

It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's order paper.

PRIVATE MEMBERS' BUSINESS

• (1730)

[*Translation*]

COMPETITION ACT

The House proceeded to the consideration of Bill C-276, an act to amend the Competition Act, 1998 (negative option marketing), as reported (with amendment) from the committee.

SPEAKER'S RULING

The Acting Speaker (Ms. Thibeault): There is a motion in amendment standing on the notice paper for the report stage of Bill C-276, an Act to amend the Competition Act, 1998 (negative option marketing).

Motion No. 1 will be debated and voted on. I shall now put Motion No. 1 to the House.

MOTIONS IN AMENDMENT

Mr. Pierre Brien (Témiscamingue, BQ) moved:

Motion No. 1

That Bill C-276, in Clause 1, be amended by adding after line 29 on page 2 the following:

“(2.1) Subsection (1) does not apply in the province of Quebec to an enterprise that provides or sells a new service in Quebec.”

He said: Madam Speaker, today we are debating Bill C-276 on negative option marketing. This refers to the fact that, when there are new television channels, consumers are charged for them, and if they do not wish to receive the new channels, they must say so, otherwise they will have to pay for the service.

Private Members' Business

Its objective is, in principle, a most praiseworthy one, but we have a number of problems with it, which is why we have proposed the amendment. In Quebec, we have the Consumer Protection Act, which prohibits this kind of practice.

It is not as widespread a practice as some might think. It was used mainly when new specialty channels were introduced to promote a greater penetration rate. There was some public outcry around that.

Obviously, when we indicate we no longer want to receive these channels, the subscription fee is very different from what it would be if we wanted the service.

When new channels are introduced, for cultural reasons, to help French channels achieve greater penetration, it may happen that these channels be part of a package. This kind of approach is helpful to reduce costs and increase penetration.

A lot of people have criticized this kind of approach, arguing that banks do it, among others, but we must dispel the myth. Some people, and I am thinking of a number of Liberal members, are saying that certain practices will no longer be allowed with this bill, but it is not so.

For example, banks sometimes have a promotion. One can get free life insurance or any type of insurance for three months. Anyone who signs a loan contract or any other document also gets that other service, whatever it is. It is free for three months. The initial contract says that charges will start to apply after three months unless the company is notified. That is not negative option billing.

The bill will not prevent this kind of practice because consent was given in the initial contract. Therefore, it must be clearly understood that the bill will not solve this kind of problem. The negative option marketing cases we have seen were mostly in relation to the introduction of new channels.

The other aspect is that there is still a possible exemption procedure, but the decision would be left in the hands of political officials instead of the CRTC. The Minister of Canadian Heritage will now have the authority to allow licensed services to use that practice. Very strong political pressure from the minister will be brought to bear on the CRTC, which we would like to be much more independent.

For all kinds of reasons, we do not support that and our amendment is designed to exempt Quebec. It is not because we want Quebec consumers to be protected against that practice generally, but because they are already under the Consumer Protection Act. We do not want another piece of legislation that will introduce different definitions and different recourses.

At present, we have the Consumer Protection Bureau. In Quebec, anyone who feels he has been wronged may call on the Consumer

Protection Bureau. This bill will give powers to the Competition Bureau, which is governed by a different act and has a different approach. The offence leads to different sanctions, whether it is an offence against the Quebec act or against this new federal legislation, if passed.

• (1735)

It must be remembered that issues related to contracts, local trade and consumer protection are provincial jurisdictions under section 92.13 of the constitution. It is under this section that Quebec passed its consumer protection act, which prohibits negative billing in paragraph 230(a), which reads as follows:

(a) No merchant, manufacturer or advertiser may, through any means, demand any money for a product or service provided or sold to a consumer without the latter having asked for it.

Thus, the consumer protection act makes it very clear that this kind of practice is prohibited. Some people will say yes, but this bill applies to federal institutions, banks, telecommunications and so on. For those who might say this does not apply to federal institutions, I will quote some court decisions, such as the one in Attorney General of Quebec v Kellogg, which says in part:

The Kelloggs are not exempt from the application of restrictions on advertising practices because they chose an advertising instrument under federal control.

An individual who discloses defamatory material is not exonerated under provincial law because the publication instrument is under federal control. Moreover, this individual could be prohibited from publishing any new material.

I believe that the Kelloggs are in a similar situation regarding these regulations. They cannot justify a behaviour which has become illegal by saying that they are using television.

Provincial legislation is not about television but about consumers, trade and advertising. We are applying the terms of the act.

We believe the same thing applies in this case. The supreme court decided, in Attorney General of Quebec v Irwin Toy Limited, that, and I quote in part:

There is no doubt that television advertising is a vital part of the operation of a television broadcast undertaking. The advertising services of these undertakings therefore fall within exclusive federal legislative jurisdiction. It is well established that such jurisdiction extends to the content of broadcasting and advertising forms a part of such content.

However, ss. 248 and 249 of the Consumer Protection Act do not purport to apply to television broadcast undertakings. Read together with s.252, it is clear that ss. 248 and 249 apply to the acts of an advertiser, not to the acts of a broadcaster.

Cable television companies themselves have acknowledged that they were under the jurisdiction of Quebec legislation. It is precisely for that reason that some companies recently undertook to abide by the decision of the Consumer Protection Bureau regarding the establishment of new specialised channels.

Private Members' Business

We believe that this new federal legislation will complicate measures available to consumers to obtain redress complicate determination of what really applies to protect them, especially since no one in committee was able to give a definition of new service prescribed in the bill. Everyone had his own interpretation and a different definition of what a new service is. The bill purports to prevent those areas from applying to new services.

Some people, including representatives of the Canadian Bar Association and others, said "You are going about this in the right way to achieve your goal. We already have a Bank Act, a Broadcasting Act and a Telecommunications Act. These acts already include means to prevent this type of practice and they would be much more appropriate".

Even those who would like to see federal legislation are saying "Start by using the existing legislation, do not create new legislation that will only complicate the process and the capacity to implement it". It is all very nice to make a show, to make believe that we are doing something for Canadian consumers, but if, at the end of the day, these people are not better protected than they were before, we have not achieved much.

There is one last issue that I want to raise because I know that time is flying. We are extremely concerned about the politicization of the exceptions that could be given to the bill. Each of the ministers in his or her own area of jurisdiction, be it finance, industry or heritage, will be in a position to grant exemptions by virtue of an order in council. This means that it would not be an organization like the CRTC, independent from the government, that would evaluate this anymore.

Those who are not satisfied with the decisions made by the CRTC have legal remedy. They can submit their case to the Federal Court for example. From now on, the decisions will be political and they will or will not include exceptions. We are very concerned, especially about the heritage minister, because we know that she is very good at politicizing everything. As a matter of fact, the situation is the same with the other two ministers, because they will both be replaced eventually.

• (1740)

While the intention may be laudable, this is not done at the right level. As far as Quebec is concerned, we do not think it will make it easier to achieve the objective, because consumers are already protected.

In order to engage in negative option billing in Quebec, a notice or an authorization from the Consumer Protection Bureau is required. This is hardly ever done, the only exception being the introduction of new television channels, which comes under the CRTC with a whole different set of objectives.

I hope I dealt with the core of the issue. We will vote against this bill for the reasons that I explained, but we do have one hope. It

may be that the other provinces want the federal government to look after their affairs. If the rest of Canada is happy to have the federal government look after that, let them give up their jurisdiction, but Quebec will not. If the amendment to exclude Quebec is adopted and it is recognized that Quebec's Consumer Protection Act takes precedence, under those circumstances, we might support the bill.

We were elected to protect Quebec's interests in this place and that is what we intend to do. We are proposing an amendment and we will see if this government, which claims to be very flexible toward Quebec and apparently recognized the Quebec society as a distinct society in a motion—we are anxious to see the real weight of that motion—will go so far as to support the amendment that would exclude Quebec from the application of the act, since Quebec consumers are already protected.

[English]

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Madam Speaker, I am pleased to participate in the debate on the amendment proposed by the Bloc to Bill C-276, an act to amend the Competition Act. It is a sad day for consumers in the province of Quebec because the member for Témiscamingue, as a member of the Bloc Québécois, has proposed an amendment to exempt Quebec residents from the consumer protection measures contained in the bill. It is difficult to imagine why on earth we on this side would support such a cold hearted and callous proposal from the member opposite.

The bill would protect consumers from the deceptive marketing practice known as negative option billing which occurs when a company forces its customers to decline or opt out of new product or service offerings to avoid higher fees. This practice is a perversion of the traditional buyer-seller relationship. It relies on the concept of implied consent: if the buyer does not say no or register an objection with the seller or the vendor, he or she is deemed to have said yes and to have given consent to the purchase.

It is a rather sick way of doing business because it takes advantage of consumers from all walks of life whether they are young, poor, elderly or people on fixed incomes. With the proposed amendment the Bloc Québécois would leave millions of consumers in the province of Quebec vulnerable to such marketing rip-offs.

I often have trouble following the twisted logic of the Bloc. In an attempt to humour our friends across the way, I will try to see how their amendment would benefit consumers who reside in Quebec or any place else in Canada, for that matter.

If we look closely at Bill C-276, as amended by the Standing Committee on Industry, we see that it has been improved. I would like to take the opportunity to thank and commend members of that committee for their hard work. In a four month period the committee heard testimony from 28 witnesses, including consumer organizations, industry groups, and officials from the government

Private Members' Business

departments of finance, industry and Canadian heritage who appeared not once but twice before the committee.

The committee passed a number of amendments to bring Bill C-276 in line with recent changes to the Competition Act precipitated by the passage of what was called Bill C-20. Concerns over the viability of certain specialty television channels were addressed. A change was made to deal with the evolution of electronic commerce. Changes were made but the key elements of consumer protection have remained in this bill.

• (1745)

The bill still applies to federally regulated banks, telephone companies and cable companies. Here we see the irony of the Bloc's proposed amendment, the politicization of their proposed amendment. They would give a green light for federally regulated banks and others to essentially rip off consumers in the province of Quebec by way of negative option marketing. I am certain the Bloc's position has nothing whatsoever to do with their recent change of heart when it comes to accepting campaign donations from large corporations. I am sure this is simply a coincidence.

In any case, perhaps we should refer to what the experts who appeared before the committee have said. At the industry committee hearing on December 13, 1999 the head of the Quebec based consumer organization Action Réseau, Ms. Nathalie St-Pierre, was questioned by the member for Timiskaming. I will quote his question:

You are a watchdog organization involved in consumer protection in Quebec. At the present time, do companies under federal jurisdiction and subject to this bill comply voluntarily with the [Quebec] Consumer Protection Act?

Ms. St-Pierre in her reply stated "They do not comply with the Consumer Protection Act".

In a letter to the CRTC dated October 8, 1999, Ms. St-Pierre exploded the myth that Quebec consumers do not object to negative option marketing. She referred to the 1997 launch of new specialty channels by the Quebec based company Vidéotron and I quote once again from her letter:

When the channels were launched, Quebec consumer groups, the Consumer Protection Bureau and Vidéotron all received numerous complaints, particularly about the marketing method used, which was negative option billing.

As the Bloc points out, Quebec's Consumer Protection Act prohibits negative option marketing. However, the Bloc does not say that it can only apply to areas of provincial jurisdiction. What they do not say is that their act specifically exempts federal jurisdiction. It in fact says it does not apply to cable.

I can only surmise that the member for Timiskaming has finally come to his senses on this jurisdictional question. Why else did he ask a Quebec based consumer group if federally regulated companies voluntarily comply with the provincial law? The fact is that the

Bloc knows that the Quebec law does not, cannot, never has and never will apply to industries like banking, telephone or cable.

Why then do Bloc members stand in this place and demand a carve out, a big exculpatory clause for Quebec consumers? Why do they stand with the Canadian Bankers Association and others who like things just the way they are? No changes.

I do not know the answer to these questions, but I do see a ray of light over the Bloc members. It is the member for Portneuf, their official critic for Canadian heritage, who recently launched a public campaign against the distribution of a French language educational channel, TFO, which wanted to broadcast in the province of Quebec and was made in the province of Ontario. The member for Portneuf broke ranks with his pro-business colleagues and stood up for consumer rights and explained his views in a TFO interview which aired on October 28, 1999.

The member is going to try to shout this down, but I want him to hear what his colleague said. I quote:

Look, I have no objection if a Quebecer wants to subscribe to TFO. I have a problem with the CRTC, which is a federal organization, forcing all Quebecers who get cable to pay for TFO, whether they want it or not. That's wrong. That is not what I would call a free market practice.

If the—

[*Translation*]

The Acting Speaker (Ms. Thibeault): Order, please. The member who has the floor is right next to me, and I can hardly hear him. I ask all members to show a little respect.

• (1750)

[*English*]

Mr. Roger Gallaway: Madam Speaker, I have very little time left, so I would say in conclusion that this bill has its roots in the consumer revolt of January 1995, but has its eye clearly on the future.

On a daily basis we are bombarded with the marketing campaigns of these federally regulated businesses. With the explosion of information technology, it is becoming far easier for these companies to bundle packages and increase the number of services provided.

Why must we as consumers remain ever vigilant to avoid paying higher fees for their additional services?

By defeating the Bloc's amendment and passing Bill C-276, we can protect all Canadian consumers from future negative option rip-offs.

Mr. Charlie Penson (Peace River, Canadian Alliance): Madam Speaker, I would like to advise you that I will be speaking for seven minutes in the hope that there will be a few minutes left at

the end for my colleague from Surrey Central, who has a keen interest in this area and I know would like to have the opportunity to speak.

This is report stage of the private member's bill, Bill C-276—

The Acting Speaker (Ms. Thibeault): Is the hon. member asking to split his time?

Mr. Charlie Penson: No, Madam Speaker.

The Acting Speaker (Ms. Thibeault): Very good.

Mr. Charlie Penson: Madam Speaker, as I was saying, this is report stage of this bill. My understanding is that the Bloc amendment would not address the issues that the member for Sarnia—Lambton just alluded to, that these are federally regulated industries which are involved and therefore it is necessary to provide protection, even in Quebec, to have this bill apply in the way in which it was intended.

It is our position that in principle we agree with the philosophy involved here, which is to put the onus on companies, the providers of services, to obtain the consent before offering a service or starting to bill for that service. That is a reasonable proposal to use and therefore we are supportive of that concept.

We understand that there may be some problems with it and I will talk about that in a moment, but currently the negative option procedure as we know it puts the onus on consumers to advise suppliers of a service, for example a television company offering a cable service, that they do not want that service, otherwise it would continue and the consumer would continue to be billed.

In principle I think it should be the other way around. I know that is the intent of this bill. This would apply to federally regulated industries and therefore banks and telecommunications companies would be involved. We know that there may be some consequences in requiring these institutions to obtain that consent.

I do not think that it would be a serious matter. There are new methods, including electronic options through the Internet and various other ways available to those companies to obtain consent, but in the event that it is too onerous on these companies and provides too much of a problem, the member who proposed this private member's bill has built into it a section which says that if that were to be the case, for example if a bank were not able to do this without incurring a tremendous amount of debt to provide that service, there is a provision to exempt those particular areas out of the bill.

The minister involved in that particular category, who might be, for example, the Minister of Industry or the Minister of Canadian Heritage in regard to telecommunications, will be given the power to exempt those companies in the event that it is too onerous on them.

Private Members' Business

The bill is in proper balance. What it means is that the minister involved would have to justify before the Parliament of Canada why that exemption is being given. I think that is a good check and balance which will be used very rarely. It seems to me that the onus will then be on the company to try to obtain this consent. That is a very good provision in the bill.

The negative option part of it would be reversed and it would be up to the companies to obtain the consent necessary before they expanded packages and provided that service.

• (1755)

Why would the Bloc be opposed to this and why would any consumers in Quebec be opposed to the idea? I have difficulty understanding that, although I understand the member saying that it is provided right now. I have the counterbalance from the member for Sarnia—Lambton who says that is not the case.

In case the member for Sarnia—Lambton is right, I think this should apply to Quebec. If it is already covered in its legislation, what is the argument involved?

Although it is a free vote on a private member's bill, I am supportive of this as the critic for industry. It seems to me it is a good bill and should be considered. I will be voting against the amendment put forward by the Bloc at report stage.

Mr. John Solomon (Regina—Lumsden—Lake Centre, NDP): Madam Speaker, I am pleased to join in the report stage debate on Bill C-276, a private member's bill proposed by the member for Sarnia—Lambton, which would curtail the use of negative option marketing in industries subject to federal jurisdiction.

The bill is remarkable for several reasons. First, it has survived so long in one form or another in spite of all of its numerous attackers, detractors and opponents. More on that later.

Second, it took a backbench member of parliament to introduce a piece of legislation protecting consumers. In my time as a member of parliament, I do not recall a single piece of consumer legislation coming directly from the industry minister himself. We have not seen any kind of progressive consumer legislation come from the government. It has always been from private members like the member for Sarnia—Lambton.

Most Canadians do not realize that the department of consumer and corporate affairs was long ago renamed the Department of Industry, reflecting quite well the concerns of this Liberal government and the Mulroney Conservatives before it.

Except for the member for Sarnia—Lambton, the Liberals care only about industry and care nothing for consumers as we have seen over and again, whether it is gas prices or all kinds of other issues. Liberals are shoulder to shoulder with millionaire hockey players and millionaire oil company execs to protect their particular situations.

Private Members' Business

Consumer affairs is now a little branch tucked away in the corner of the industry department. The consumer affairs minister is the industry minister, not that one would notice.

We only need to look south of the border to see how things might be different. There the U.S. attorney general is prepared to take on a giant company like Microsoft and win. They have anti-combine legislation which actually protects consumers. They have competition legislation which actually encourages competition.

We have an act which the Liberals have misnamed. They call it the Competition Act. From all experience seen under that act, everyone I know calls it the lack of competition act because there is no competition this particular act encourages. It encourages large, wealthy corporations to do whatever they want at the expense of consumers.

In Canada, when the banks come calling, the finance department and its various political flunkies in the Liberal Party fall over themselves to co-operate and basically they cave in. It did not work, however, with this bill at the industry committee but it will be interesting to see how the junior finance minister, and the member for Etobicoke North, who both supported Bill C-276 at second reading, vote on it at third reading. I would hope they will support it as they did at second reading.

Will they vote for the bankers or will they vote for the consumers? I suspect the bankers will be first on their priority list, as they always have been, but we will be watching very closely.

I say to the member for Sarnia—Lambton that I was not always able to be at the industry committee hearings on this bill since I was also responsible for Elections Act amendments which were in committee at the same time in the procedure and House affairs committee. However, I followed the evidence and various amendments proposed, some of them constructive and some destructive, and I speak on them today as consumer affairs critic on behalf of my party.

As I said at second reading, banning negative option billing is a way to tell enterprises that where there are consumers involved, yes means yes and no means no. There is no implied consent in silence.

• (1800)

If they want customers to pay for a new service, they have to ask first, nicely. They just cannot ram new fees down customers' throats or sneak them in through the back door. Every consumer I have spoken with agrees with this statement.

This bill follows similar legislation adopted by the NDP government in British Columbia and by the Parti Québécois government in Quebec.

The bill, as now amended by the committee, changes negative option marketing from a criminal to a civil reviewable offence.

This amendment comes at the suggestion of the Competition Bureau which would be charged with administering the Competition Act as amended by this bill.

There are arguments in favour and against. The criminal route has stiffer fines and can include every industry, but has a much higher evidentiary threshold and so is harder to enforce. The civil route amounts to a slap on the wrist, but it can be administered more quickly and, one hopes, very publicly. Given the public outcry against the cable companies back in 1995, we have some good evidence to believe this can be effective.

Our party reluctantly supports these changes so as not to let the purpose be the enemy of the good, but there is another unfortunate consequence. While the criminal law can apply to all industries, the civil reach of federal legislation extends to only those industries under federal jurisdiction. This limits us to the banks, the cable companies and the phone companies. Unfortunately, the insurance and trust companies and the credit unions have been dropped from the application of the member's bill.

That is what is so confusing about the latest report stage amendment being tabled by the Bloc member for Témiscamingue. The Bloc wants to exempt the province of Quebec from the bill. It claims the bill is not constitutional because it relates to commerce and other fields which come under provincial jurisdiction. If so, why does it not just exempt the whole country? Why exempt just Quebec? This approach is quite outrageous.

With all respect to my progressive colleagues in the Bloc, I do not know how in all good conscience they can oppose this bill which protects consumers in their own province. They apparently believe in the fiction that federally regulated companies comply with provincial legislation. I do not think they should rely on that when push comes to shove, especially not with the banks.

Even the Quebec consumer group, Action Réseau Consommateur, which testified at the Standing Committee on Industry, sees the need for this bill in Quebec. The Liberal government will sacrifice consumers at the altar of industry. The Bloc Québécois will sacrifice common sense at the altar of ideology. That is appalling and, needless to say, we will oppose that amendment as the New Democratic Party as I am sure all other federalist parties will.

The banks could not defeat the bill in committee. The Bloc will not defeat it in the House. But what about the other place, the Senate, where friends of the Prime Minister are appointed to ensure that the rich and powerful have veto over common sense legislation which protects consumers?

In the last parliament the cable companies effectively sabotaged an earlier version of this bill in the Senate. This time we can expect the banks to take another try at it, unless of course we can abolish the Senate before the bill gets there.

My party believes there is substantial merit in even this modified version of the member's bill so we hope he has enough friends in the chamber of so many second thoughts. We wish him luck in the Senate.

In summary, the New Democratic Party will be opposing the Bloc's amendment and supporting the member's bill at third reading.

Mr. Jim Jones (Markham, PC): Madam Speaker, it is with pleasure that I rise today to address Bill C-276, an act to amend the Competition Act with respect to negative option marketing. It is also with pleasure that I commend the efforts of the hon. member for Sarnia—Lambton. His tireless work on this file is a testament to his character and his commitment of upholding the interests of the Canadian consumer, all of this despite intense pressure from members of his own caucus and, in particular, from his party's front bench.

Negative option marketing is a practice in which enterprises offer clients new goods and services that clients must expressly refuse in order to avoid being billed. If clients do not expressly refuse the offer, they are deemed to have accepted it and are therefore charged. It is usually common practice for goods or services to be provided for a free trial period, after which a charge is automatically levied, unless the vendor is contacted directly and told to discontinue the service. Often the free product is bundled with other services the customer has already ordered.

Before proceeding to discuss the merits of this bill, I would like to address the motion brought forward by the hon. member for Témiscamingue.

It is certainly no secret that the member's party has opposed this bill since it was first tabled. Last spring during the debate in which the Bloc opposed this bill, the party argued that French language broadcasting services need the protection of the CRTC given the smaller market in Quebec.

• (1805)

However misguided, the Bloc believes that the French language is under fire across Canada and that its viability is increasingly threatened. I will not go into the numerous reasons why the Bloc's reasoning is flawed in this regard because there are countless groups, organizations and political parties like the PC Party, which are forcefully committed to ensuring the continued vitality of the beautiful French language from coast to coast to coast. Despite the PC Party's articulated pledge to uphold the rights of all Canadians, the Bloc feels that the French language must be protected and promoted as much as possible.

As such, the Bloc believes that negative option marketing, for instance in the case of cable companies that use negative option marketing to introduce new French language services in Quebec,

must be protected. As far as the Bloc is concerned, negative option marketing is a good thing which means that this bill is a bad thing.

The story gets very interesting as we uncover its many layers. It turns out that this past fall the Bloc member for Portneuf articulated the opposite sentiment. He complained about the CRTC, a federal organization, forcing all Quebecers to pay for a service whether they liked it or not. Translated into English, the member said "that is not right, that is not representative of a free market". The member for Portneuf declared it is not right to force consumers to pay for something that they may not want. It is not right, according to the Bloc, to make Canadians pay for something that they have not explicitly said they want.

That is precisely what Bill C-276 does. The bill protects the rights of Canadian consumers because it prohibits negative option marketing, a tactic that forces consumers to pay for something that they may not want in the first place. This is the same kind of tactic, I might add, that the Bloc has most recently described as not right.

I do not support the motion brought forward by the member for Témiscamingue and, as we have seen, neither do certain members of his own caucus.

With respect to this bill, I offer my support to the member for Sarnia—Lambton because I realize the importance of consumer rights and I recognize the value in upholding those consumer rights. Bill C-276 protects the most fundamental of all consumer rights: consent. Bill C-276 protects the right to express consent before purchasing a new product or service. Consent, which is an individual's expressed will to accept the offer to contract, is an essential condition of contracting, one which negative option marketing disregards.

This bill, if my colleagues see the wisdom in allowing it to pass in this place, represents a large victory for Canadians. Not only does it protect all Canadians, but it is truly refreshing to see that it seeks to protect the little guy in an age where the concerns of the little guy are always deemed secondary, if not even meaningless.

I would like to take a moment to record my acknowledgement of the concerns this bill poses to the Canadian banking industry. Although, as I see it and as the banking industry itself does as well, there are no valid principled objections to this bill, there are examples which show that should the bill become law it would be very difficult for banks to abide by its provisions. I recognize these difficulties and I offer my assistance to the banking industry in identifying possible solutions to the hurdles it would face if the bill were to pass.

The bill proposes to eliminate what is known as default billing. Default billing is an insidious practice that has plagued unwitting consumers for years. If the bill does not pass, default billing will continue to plague consumers in an increasingly invasive and damaging fashion. What opponents of the bill fail to recognize is that default billing upsets the traditional buyer-seller relationship.

Private Members' Business

This relationship is simple. Basically, if we want something, we inquire as to its availability and if it is available, we buy it from the seller. This is only logical.

However, some crafty and, quite frankly, cunning individuals have upset the harmonious balance in the buyer-seller relationship by instituting the practice of negative option marketing. This practice does not allow the buyer to even consider purchasing a product. It does not allow the buyer to even consider if the product or service is something the buyer needs or that would be helpful in his or her life. Rather, this practice imposes products and services upon the buyer without consent, without even asking the prospective buyer if this is what he wants. Madam Speaker, would you believe that right now it is legal to do that? Did you know, Madam Speaker, it is legal for shrewd individuals to do this in certain instances? You, Madam Speaker, could be billed for something that you did not even ask for, something for which you did not even express an interest. Does this sound fair? Does this sound right?

• (1810)

As my colleague from Portneuf so accurately stated, this is simply not right. Beyond the fact that this kind of tactic inconveniences and troubles average Canadians, this tactic has far reaching impacts upon those who do not represent the average Canadian. For instance, negative option tactics penalize customers who do not understand that they must cancel the service, for instance, Canadians like the elderly or the aging. It also penalizes immigrants whose first language is not English and even those who are away on vacation and cannot respond in a timely fashion to the new charges imposed on them during their absence.

These are simply a number of many specific problems the bill will address, problems I am thankful will finally be resolved.

In closing, Madam Speaker, please allow me to reiterate that consent is a fundamental tenet upon which the consumer-business relationship is founded. Here in Canada we have always thought to preserve the privileges and uphold the rights of our citizens.

We must preserve the basic principle of consent and ensure that that it continues to hold the same consequence and weight that it has for ages. How can we do this? What role can this House have in furthering the preservation of consent? We can start by passing this bill, Bill C-276. I encourage my colleagues to recognize the importance of this legislation and to look beyond our party distinctions in order to offer a resounding commitment to ensuring the security of the Canadian consumer.

I urge my colleagues to do as I will, that is to support Bill C-276.

[*Translation*]

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Madam Speaker, I am quite pleased to take part in this debate.

Members of the Standing Committee on Industry have discussed this bill, and today, the arguments put forward in committee have been summarized for us.

I would like to acknowledge the persistence of the hon. member, even though I do not share his view, because this is the fourth time he has tried to convince the House of the merits of this private member's bill.

The objections of the Bloc Québécois are in the same line as the motion presented by the hon. member for Témiscamingue to exempt Quebec from this bill.

I find it passing strange that a sovereigntist member like me should explain the Canadian constitution to federalist members of various parties in the House. Our objections are based on the constitution.

Some may wonder how that can be. Section 92.13 grants to the provinces the powers over questions of property and civil law. This is especially true for Quebec, because our civil code is different from the legal system in the other provinces. The civil code comes from the Code Napoléon, and it was accepted when Quebec joined confederation. Its inspiration and implementation differ from common law, which applies elsewhere in Canada.

We constantly have to remind federalist members, who should be more mindful of the Canadian constitution, of this. And it is the Bloc Québécois members, sovereigntist members, who have to do this.

Earlier, the member for Témiscamingue referred to two specific cases where section 92.13 of the constitution was used, as well as paragraph 230(a). These cases went all the way to the supreme court, they are the attorney general of Quebec v Kellogg's and the attorney general of Quebec v Irwin Toys.

• (1815)

In both cases, the arguments put forward by the attorney general of Quebec were accepted. Cable companies themselves recognized that they were subject to Quebec's legislation, because legislation exists, which established the Consumer Protection Bureau and which, in section 230, prohibits negative option marketing.

After meeting with officials of the Consumer Protection Bureau, Vidéotron, Cogeco, Star Choice and ExpressVu all promised to abide by the bureau's directive that they may not use negative option marketing to sell their new package, as of January 1 of this year. Therefore, the new package is offered on a positive option marketing basis.

A lot of people do not want to hear about the constitution any more but the constitution is about the rules that govern a country, in this case the Canadian federation. If those rules are not respected, what is the use of having them?

My colleagues from the Progressive Conservative Party, the New Democratic Party and the Canadian Alliance who spoke before me used the same arguments that those used by the Liberal Party with regard to the Bloc Québécois' objection, saying that there is nothing wrong with the federal government interfering in provincial jurisdictions.

There is something that many surveys and studies have shown and that those involved in teaching political science often talk about. For Canadians outside Quebec, the main government is the federal government. When it offers money or proposes measures they find interesting, the objections raised by their provincial government are regarded as secondary.

In Quebec, whether one is a federalist or a sovereignist, the exact opposite is true. This has always been the case, because the first government they think of is the Government of Quebec. This is also clear from voter turnout. Turnout in provincial elections in Quebec is always higher. In general, although there are exceptions, the opposite is true in the other provinces.

During my first term of office, I sat on the Standing Committee on Human Resources Development and the Status of Persons with Disabilities. This committee travelled across Canada and Quebec, and I was particularly struck by one thing. When it was a question of postsecondary education, the other provinces wanted the federal government to step in and had no problem with national education standards. Yet this is clearly a provincial jurisdiction.

The same is true for health. A debate is now going on in the House of Commons and, during oral question period, the NDP kept coming back to the charge, practically goading the federal government to step in with certain governments, such as Alberta, which wants to limit certain health criteria set by the federal government.

This important difference in perception has been noticed by many, and the motion brought forward by the member for Témiscamingue is very respectful of this reality. There are two mentalities and two cultures in this country that even honest federalists should respect until such time as Quebec becomes sovereign. We are different because we have a different past, culture, language and civil code. These are arguments that do not seem to interest the members opposite or those of other parties.

It upsets me even more coming from the New Democratic Party. I was an observer at their last convention. They were the first federal political party to recognize the existence of a Quebec people.

• (1820)

At the same time, it pointed out that Quebec had the right to self determination. We saw what happened with Bill C-20. At the first

Private Members' Business

opportunity, the NDP changed its approach. They were in fact taken to task by their members in Quebec and those of their national executive who resigned.

People say it is always the members of the Bloc Québécois who raise this argument. The only consumer group appearing before the committee came from Quebec, the Action Réseau Consommateur. I would like to recall the remarks of the representatives of this group. They said that the bill was a matter of provincial jurisdiction.

The group asked:

That, if this bill is pursued, it not include in it the concept of prior consent, which contravenes the spirit of the law and takes away its meaning, to all intents and purposes.

It also asked:

—for an amendment of clause 1(3), in order to prevent banks and broadcasting and television undertakings from replacing a service with another if no additional cost is charged, without the consent of the consumer.

What will happen if the bank replaces a paper service with an electronic service, when the client does not want the electronic service?

It also asked:

That for all transactions, consumers be given a hard copy contract.

None of these recommendations was heeded.

To conclude, I would like to say that, in addition to invading areas of provincial jurisdiction, this bill serves no purpose, in our opinion, since the legislative provisions already exist, especially in Quebec, and protect the consumer in this regard.

[English]

Mr. Roy Cullen (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, I am pleased to join the debate, and I will make my remarks brief.

When this bill was introduced in the last parliament, which died on the order paper, I supported it because it dealt with cable companies. Cable companies have a monopoly in the industry. I know that in my riding there is a certain company, and that is it. If that company sends me a letter saying it is going to add two channels at another \$2 per month unless it hears from me, I find that offensive. That is why I supported the member's bill in the last parliament.

Since that time a number of things have been added to the bill. It seems to me that we should enact legislation that is not only principled, but legislation that will work.

The notion is that people should not be subjected to negative option marketing. Should that apply to the banks? The principle is the same. Members should ask themselves if it is workable in the context of banks. I would submit that it is not. I do not know why we would support something which would not be workable.

Adjournment Debate

The Alliance member opposite said that there is an opting out clause toward the end of the bill by which cabinet could delete certain services. If we are parliamentarians, then why would we not put something into the bill which would work?

I will try to make the case very briefly as to why I do not think it would be workable for the bill to include banks, however attractive that might be.

First, banks are not monopoly providers. If a bank sends me a letter saying that if it does not hear from me it will change my service package, if I do not like that, then I can go to another bank.

I was very much part of the movement which opposed the proposed merger of the banks last year because I felt it would create too much concentration at that time. We did not have the competition in the industry which we will have when the government brings forward the financial services sector legislation in the next few months.

Ironically, that legislation will talk about a new financial consumer agency. It will talk about a new re-defined ombudsman, which will be more independent of the banks. Therefore, I find it strangely odd that we would bring forward this bill now to add the banks when we have this new regime coming forward which will provide much more protection for consumers and, more importantly, when the provisions of this bill would not work.

• (1825)

Let me give members an example to try to express my point. The Toronto Dominion Bank or CIBC or any one of the major banks might have five million to seven million customers. They send a letter saying they are going to change their service package, but it will only be done if they hear from them in writing or electronically. Guess what, maybe 90% to 95% of customers of banks will not respond. That is a reality. We can pretend it is not the case, but it is. We know from experience that surveys will not get the kind of response we want.

What is the bank supposed to do? It has seven million customers. If it is lucky, it has heard from maybe 200,000 customers saying yes, they would like the new service package and to proceed. What does the bank do now? More importantly, how do consumers benefit from this?

As we know, in this age of technology banks are adapting to a very changing world where we have Internet banking, banking at kiosks or computer based banking. The face of banking is changing so radically that very often it is in the interests of consumers to have their service package changed, like more Internet banking and not so many visits to the branch. That is what is happening.

If this legislation is passed, the banks will not have the flexibility to change any of that. The irony is the banks are doing this right now. How many of the member's constituents have phoned them

and said that they are really angry because the banks changed their service package? The reality is members do not hear a lot from their constituents. The banks are in a very competitive environment and have to deal with modifications to the services packages. In most cases, they enhance the service packages available to customers.

I would like to make the point that, in principle, no one would really support the fact that banks should practice negative option marketing. The question is: Is it workable? I submit that it is not for some of the reasons that I have outlined and there are many more. I hope members would not be so attracted to the politics of this that they would not recognize the practical realities that are not workable with respect to banks.

Mr. Gurmant Grewal (Surrey Central, Canadian Alliance): Madam Speaker, I wish to acknowledge the good work by the member of parliament for Samia—Lambton on this matter over the years.

Bill C-276 seeks to amend the Competition Act to ensure that Canadian consumers are not victims of negative option marketing. Negative option marketing offers customers products and services that the consumer is required to expressively decline or opt out of.

How do we provide this protection for Canadians, including those in Quebec? Should it come in the form of Bill C-276 or can it be achieved through market based reform? Those are the important questions. The competition law can profoundly restrict economic freedom and market efficiency and the general move toward strengthening laws should be approached with caution.

With that good note, since my time is so limited, the Canadian Alliance supports free enterprise but recognizes the important role of the government in creating an economic environment with fair and transparent rules that protect both consumers and businesses.

[Translation]

The Acting Speaker (Ms. Thibeault): The time provided for the consideration of Private Members' Business has now expired. The order is dropped to the bottom of the order of precedence on the order paper.

ADJOURNMENT PROCEEDINGS

• (1830)

[English]

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

THE ENVIRONMENT

Mrs. Karen Kraft Sloan (York North, Lib.): Madam Speaker, the public consultation component of the five year review of the Canadian Environmental Assessment Act recently concluded. It now remains for the Environmental Assessment Agency to provide those comments to the Minister of the Environment who will then report to the House by January of next year.

A number of concerns were raised about the act through the consultation process. A few of these include: The review itself is not independent; the Environmental Assessment Agency should have a much stronger role in co-ordinating and overseeing assessments; there must be improved opportunities for public participation in environmental assessment; federal funding for environment assessment must be increased; more emphasis must be placed on the assessment of cumulative effects; more attention must be paid to broadening the scope of projects, and to monitoring and follow-up; and, the federal-provincial environmental harmonization accord must not be allowed to detract from a strong federal presence in environmental assessment.

In fact, it is not clear how the harmonization accord's subagreement on environmental assessment will affect environmental assessment in Canada and what implications it has for the current CEAA review.

Many have commented on the need for the parliamentary Standing Committee on Environment and Sustainable Development to have a formal role in the review of the assessment act. To date, it has none.

The committee is an important component in the parliamentary process surrounding environmental legislation. For example, it undertook a mandatory one year review of the Canadian Environmental Protection Act commencing June 10, 1994. One year later, it tabled its report in the House of Commons in June 1995.

The intensive review of CEPA 88 culminated in a report entitled "It's About Our Health! Towards Pollution Prevention", containing 141 recommendations. Many referred to the report as thorough, forward-looking and a comprehensive and substantive contribution to environmental protection in Canada.

For reasons such as these, many feel that the committee should be formally involved in the CEAA review process.

Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, the Minister of the Environment has launched an extensive consultation process for this review.

National public consultations began on January 31 in Ottawa and will continue for several weeks in 19 cities across Canada. They will provide members of the public and interested stakeholders

Adjournment Debate

with an opportunity to provide their views on how environmental assessment and the act can be improved.

The minister also has an interactive website which will allow the minister to reach out to rural Canadians and others who may not be able to attend the public meetings. At the same time, parallel consultations are taking place with aboriginal peoples, the provinces, the regulatory advisory committee and with other federal departments.

The Minister of the Environment is committed to a timely, effective review of the Canadian Environmental Assessment Act. He has launched an extensive, multifaceted consultation process that will provide valuable input on how environmental assessment can be improved in Canada.

The minister looks forward to sharing the results of the review and the views of Canadians on how the act can be improved with his hon. colleagues in his report to parliament at the end of this year.

HUMAN RESOURCES DEVELOPMENT

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance): Madam Speaker, the HRDC boondoggle will just not go away. The HRDC problem is the tip of the iceberg.

This debate came about as a result of a random audit to evaluate 459 projects receiving \$235 million in grants and contributions from HRDC. The findings were astounding, to say the least: 97% contained no evidence of checks to see whether the recipients owed money to HRDC; 80% contained no evidence of financial monitoring; 72% did not have a cashflow forecast; two-thirds did not have a rationale for recommending the project; and 15% did not have an application form. This is unbelievable.

TJF grants are supposed to be used to create sustainable jobs. But at what cost? Here are some examples. Confections St-Élie Inc., a textile company in the Prime Minister's riding, failed to create the 61 jobs it had been committed to create but continued to receive a payment of \$223,000 in 1997. A program to teach troubled youths to fix slush puppy and espresso machines received \$300,000. Of the 20 who took the course, 4 found work.

• (1835)

Was the transitional jobs fund a slush fund? Let us take a look. In 1997, Pierre Corbeil, a key Liberal fundraiser in Quebec, was charged with four counts of influence peddling for allegedly threatening to dismiss or stall TJF grant requests unless firms donated to the party. He later pleaded guilty.

A 1998 independent review by Ekos Research Associates Inc. suggested that TJF grants were approved for political reasons. In

Adjournment Debate

1999 the question was raised as to whether the Prime Minister used his power to secure a federal grant for a friend, Yvon Duhaime, to expand his hotel. Mr. Duhaime, whose hotel, Auberge Grand-Mère, sits in the Prime Minister's riding of Saint-Maurice and was once owned by the Prime Minister himself, received a grant of \$164,000 as well as an additional \$650,000 in government loans even though federal officials had a report indicating the hotel was poorly managed and had massive debt.

There seems to be no end to the shovelgate affair. There are at least 13 RCMP investigations occurring at this time.

I will conclude by quoting the auditor's report of December 1998, the section under the heading of grants and contributions. It states:

Our audits of the management of grant and contribution programs over the past 21 years have produced a long series of consistent observations: problems in compliance with program authorities, weaknesses in program design, instances of poor controls, and insufficient performance measurement and reporting. Overall we have continued to find the same problems. There are many reasons why these problems have persisted. They range from decision-makers not following the rules governing expenditures on grants and contributions to weak management practices.

The government, over the last 21 years, has not been accountable enough to pay attention to the findings of the auditor general. It is unfortunate that the auditor general does not have teeth. Perhaps it is long overdue that the House give the auditor general some teeth. After all, the buck stops with the politicians. The money belongs to the people. People expect responsible government, not a government that tries to write off the HRDC boondoggle as no big deal.

Ms. Bonnie Brown (Parliamentary Secretary to Minister of Human Resources Development, Lib.): Madam Speaker, the Reform Party continues to accuse the government of having a billion dollar boondoggle.

I must say once again that there was no loss of a billion dollars in this particular situation. We had a report on poor management and poor administration. We are addressing it with a very serious six point program which has been approved by the auditor general.

The member opposite should realize that partnerships with the private sector, through which we leveraged \$330 million into \$3 billion worth of economic activity, also involve the same risks that private sector firms face every day. They face the ups and downs of the business cycle, and some of our projects did that too.

However, in the long run, 95% of our projects survived their first birthday, which is better than the 72% of projects that the banks managed.

On the attack that this has something to do with a slush fund, this is usually tied to the flexibility component of our program which

has to do with pockets of high unemployment. If indeed it was a slush fund, how in heaven's name could it be that more than 50% of those particular projects went to opposition ridings?

Once again, those members are singing the same song but it has no basis when we look at the numbers.

[Translation]

SHIPBUILDING

Mr. Antoine Dubé (Lévis-et-Chutes-de-la-Chaudière, BQ): Madam Speaker, on March 27, I asked a question of the Minister of Industry relating to shipbuilding and to my concerns about the lack of government intervention to change the current situation in that industry.

According to figures I had myself checked the previous week, the workforce in that industry had gone down from the 1993 total of 12,000 to 3,000, or one-quarter, 25%, of that number.

• (1840)

The minister's response was that the overcapacity in this industry throughout the world stands at 40%.

I find this a curious response, because the assistant deputy minister, John Banigan, told the industry committee on November 16, 1999 that, based on certain predictions, he feared an overcapacity by 2005 which could, according to his own forecast, go as high as 40%.

Reports confirm that there will be a growing demand on the shipbuilding industry because, among the world's ocean-going fleet of vessels with gross tonnage of 100 tonnes or greater, there are 85,494 ships with an average age of 19 years, and 45% that are over 20 years old.

I remind hon. members of the significance of the 20 year figure. Most industrialized countries require that vessels undergo major refitting after 20 years to be allowed to continue sailing. This is not the case in all countries. That is the problem. This is why the international fleet is extremely old and, I submit, potentially dangerous.

Everybody will remember last summer's incident in the St. Lawrence River. There were other incidents along the coast of Brittany and in several countries of Asia. When dangerous and toxic products are on board, such incidents are a great cause for concern. They constitute a tremendous threat.

The minister is not here tonight, but his representative will undoubtedly try to explain on what he relied to conclude there was overcapacity when the deputy minister of industry says that we will certainly not reach that point before 2005.

Adjournment Debate

On what secret study did the minister rely to say what he said? Maybe he made a mistake? If that is the case, I forgive him in advance.

I thank the hon. members opposite who support Bill C-213, whose objective is to help shipbuilding.

[*English*]

Mr. John Cannis (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, let me begin by thanking my hon. colleague from the Bloc for giving me the opportunity to speak on the subject of consultation on the shipbuilding industry.

The government has a policy on shipbuilding, one that is evident in Canada's position in both domestic, let me point out, and international shipbuilding markets. However, we have remained committed always to maintaining a dialogue with industry proponents and we are receptive to evidence of changing circumstances within the shipbuilding sector.

In order for dialogue to be meaningful, we must all start from the same basis. It has become clear through my discussions with various shipbuilding representatives that all stakeholders are not dealing with the same set of facts. So far the debate on shipbuilding in the media and here in the House has been mostly an emotional

discourse rather than a rational debate on the facts and issues facing the industry in Canada and, of course, abroad.

Consequently, let me point out that just last week the Minister of Industry held a meeting with the chairman of the Canadian committee on shipbuilding and policy. He will continue to dialogue with this committee and will also hold meetings with the major yardowners for example, labour representatives and other major stakeholders.

We want to work with all the stakeholders to set forth a set of clearly stated facts on Canada's shipbuilding industry. As this information evolves, all stakeholders including government and industry proponents, will be better equipped to deal with the future direction of this industry. These directions will take into account the outcome of our dialogue, but will also have to respect the realities of our domestic and international marketplace, use the economic levers currently at our disposal and be also fiscally responsible.

[*Translation*]

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

(The House adjourned at 6.44 p.m.)

CONTENTS

Wednesday, April 5, 2000

STATEMENTS BY MEMBERS

Canadian Economy		Mr. Rock	5710
Mr. Saada	5705	Mr. Ménard	5710
Employment Insurance		Mr. Rock	5710
Mr. Johnston	5705	Ms. McDonough	5710
Francomania		Mr. Rock	5710
Mr. Charbonneau	5705	Transport	
Coastal Sound Music Academy		Mr. Doyle	5710
Mr. Sekora	5706	Mr. Collenette	5710
Aboriginal Affairs		Mr. Doyle	5710
Mr. Konrad	5706	Mr. Collenette	5710
Irin Margétis		Canada Development Corporation	
Ms. Folco	5706	Mr. Strahl	5711
Bernard Lajoie		Mr. Martin (LaSalle—Émard)	5711
Mr. Rocheleau	5706	Mr. Strahl	5711
Mississauga South Essay Contest		Mr. Martin (LaSalle—Émard)	5711
Mr. Szabo	5706	Human Resources Development	
Eric Bishop		Mr. Crête	5711
Mr. Lowther	5706	Ms. Robillard	5711
Vimy Ridge		Mr. Crête	5711
Mr. Wilfert	5707	Mr. MacAulay	5712
United Church of Canada		Canada Development Corporation	
Mr. Blaikie	5707	Mr. Hill (Prince George—Peace River)	5712
Violence on Television		Mr. Martin (LaSalle—Émard)	5712
Mr. Bigras	5707	Mr. Hill (Prince George—Peace River)	5712
Housing		Mr. Chrétien (Saint—Maurice)	5712
Mrs. Redman	5707	Fisheries	
Canadian Cancer Society		Mr. Bernier	5712
Mr. Thompson (New Brunswick Southwest)	5708	Mr. Dhaliwal	5712
		Mr. Bernier	5712
		Mr. Dhaliwal	5712
		Canada Development Corporation	
		Mr. Mills (Red Deer)	5713
		Mr. Martin (LaSalle—Émard)	5713
		Mr. Mills (Red Deer)	5713
		Mr. Chrétien (Saint—Maurice)	5713
		Parental Leave	
		Mrs. Gagnon	5713
		Mrs. Stewart (Brant)	5713
		International Trade	
		Mr. Drouin	5713
		Mr. Pettigrew	5713
		Canada Development Corporation	
		Mr. Hill (MacLeod)	5713
		Mr. Chrétien (Saint—Maurice)	5714
		Mr. Hill (MacLeod)	5714
		Mr. Chrétien (Saint—Maurice)	5714
		Stock Markets	
		Mr. Nystrom	5714
		Mr. Martin (LaSalle—Émard)	5714
		Mr. Nystrom	5714
		Mr. Martin (LaSalle—Émard)	5714
		Endangered Species	
		Mr. Herron	5714

Ms. Torsney	5714
Mr. Herron	5715
Mr. Herron	5715
Ms. Torsney	5715
Battle of Vimy Ridge	
Mr. Provenzano	5715
Ms. Copps	5715
Health	
Mr. Elley	5715
Mr. Martin (LaSalle—Émard)	5715
Transportation of Plutonium	
Ms. Girard-Bujold	5715
Mr. Goodale	5715
Genetically Engineered Foods	
Ms. Wasylcia-Leis	5716
Mr. Rock	5716
National Defence	
Mrs. Wayne	5716
Mr. Eggleton	5716
Ethiopia	
Mr. Assadourian	5716
Ms. Minna	5716
Presence in Gallery	
The Speaker	5716
Member named	
Mrs. Tremblay	5717
The Speaker	5717

ROUTINE PROCEEDINGS

Government response to petitions	
Mr. Lee	5717
Committees of the House	
Procedure and House Affairs	
Mr. Lee	5717
Interparliamentary Delegations	
Mrs. Ur	5717
Canada Well-Being Measurement Act	
Bill C-469. Introduction and first reading	5717
Mr. Jordan	5717
(Motions deemed adopted, bill read the first time and printed)	5717
Broadcasting Act	
Bill C-470. Introduction and first reading	5717
Mr. Bigras	5717
(Motions deemed adopted, bill read the first time and printed)	5718
Committees of the House	
Foreign Affairs and International Trade	
Mr. Graham	5718
Procedure and House Affairs	
Motion for concurrence	5718
Mr. Lee	5718
(Motion agreed to)	5718

Petitions	
Mammography	
Ms. Augustine	5718
Bill C-23	
Mr. Johnston	5718
Taxation	
Mr. Johnston	5718
Pesticides	
Mr. McTeague	5718
Canada Post	
Mr. McTeague	5718
Marriage	
Mr. Lowther	5719
Bill C-23	
Mr. Hill (MacLeod)	5719
Marriage	
Mr. Casson	5719
Marriage	
Mr. Mark	5719
Questions on the Order Paper	
Mr. Lee	5719
Motions for Papers	
Mr. Lee	5719
Transferred for debate	5720

GOVERNMENT ORDERS

Proceeds of Crime (Money Laundering) Act	
Bill C-22. Second reading	5720
Mr. Peterson	5720
Mr. Johnston	5721
Mr. Peterson	5721
Mr. Cullen	5722
Mr. Grewal	5723
Mr. Loubier	5727
Mr. Peterson	5732
Mr. Solomon	5732
Mr. Goodale	5735
Mr. Solomon	5735
Mr. Goodale	5735
Mr. Solomon	5735
Mr. Nystrom	5736
Mr. Solomon	5736
Mr. MacKay	5736

PRIVATE MEMBERS' BUSINESS

Competition Act	
Bill C-276. Report stage	5737
Speaker's Ruling	
The Acting Speaker (Ms. Thibeault)	5737
Motions in amendment	
Mr. Brien	5737
Motion No. 1	5737
Mr. Gallaway	5739
Mr. Gallaway	5740
Mr. Penson	5740
Mr. Penson	5741
Mr. Solomon	5741
Mr. Jones	5743
Mr. Dubé (Lévis-et-Chutes-de-la-Chaudière)	5744
Mr. Cullen	5745

Mr. Grewal 5746

ADJOURNMENT PROCEEDINGS

The Environment

Mrs. Kraft Sloan 5747

Ms. Brown 5747

Human Resources Development

Mr. Mark 5747

Ms. Brown 5748

Shipbuilding

Mr. Dubé (Lévis-et-Chutes-de-la-Chaudière) 5748

Mr. Cannis 5749

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