



CANADA

# House of Commons Debates

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VOLUME 134 • NUMBER 129 • 2nd SESSION • 35th PARLIAMENT

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OFFICIAL REPORT  
(HANSARD)

**Thursday, February 13, 1997**

**Speaker: The Honourable Gilbert Parent**

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# HOUSE OF COMMONS

Thursday, February 13, 1997

The House met at 10 a.m.

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*Prayers*

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## ROUTINE PROCEEDINGS

[*Translation*]

### GOVERNMENT RESPONSE TO PETITIONS

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

\* \* \*

• (1010)

### COMMITTEES OF THE HOUSE

#### PROCEDURE AND HOUSE AFFAIRS

**Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, I have the honour to present the 54th report of the Standing Committee on Procedure and House Affairs concerning the associate membership of the Standing Committee on Finance.

With leave of the House, I move that the 54th report of the Standing Committee on Procedure and House Affairs, presented to the House earlier this day, be concurred in.

[*English*]

**The Acting Speaker (Mr. Milliken):** Does the hon. parliamentary secretary have the unanimous consent of the House to move the motion?

**Some hon. members:** Agreed.

(Motion agreed to.)

\* \* \*

### PETITIONS

#### NUCLEAR WEAPONS

**Ms. Roseanne Skoke (Central Nova, Lib.):** Mr. Speaker, I have two petitions to present to this hon. House today. Pursuant to

Standing Order 36, I present a petition from my constituents who pray and call on Parliament to support the immediate initiation and conclusion by the year 2000 of an international convention which will set out a binding timetable for the abolition of all nuclear weapons.

#### TAXATION

**Ms. Roseanne Skoke (Central Nova, Lib.):** Mr. Speaker, pursuant to Standing Order 36, I present a second petition with 320 signatures of constituents in my riding.

The petitioners urge all levels of government to demonstrate their commitment to education and literacy by eliminating sales tax on reading materials. They ask Parliament to zero rate books, magazines and newspapers under GST. They ask Parliament and provincial governments to zero rate reading materials under the proposed harmonized sales tax.

#### GASOLINE PRICES

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, I have three petitions to present this morning. The first is from Mr. Bob Pollock of North Vancouver and 35 others. The petitioners mention that 52 per cent of the price of gasoline is composed of taxes and the Canadian Automobile Association reports that the federal excise tax on gasoline has already increased by 566 per cent over the last decade.

Therefore the petitioners request Parliament not to increase the federal excise tax on gasoline.

#### HIGHWAYS

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, the second petition is from Joyce Mulligan of North Vancouver and 57 others.

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

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

*Routine Proceedings*

## GASOLINE PRICES

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, the last petition is from Margaret Wheeler of North Vancouver and 47 others.

The petitioners point out that approximately 52 per cent of the cost of a litre of gasoline is in the form of government taxes, that the excise tax on gasoline has risen by 566 per cent over the last decade, and they request that Parliament not increase the federal excise tax on gasoline in the next federal budget.

• (1015)

[Translation]

## CANADIAN CITIZENSHIP ACT

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, I am pleased to table a petition signed by 214 voters from my riding of Bourassa and from elsewhere in Quebec.

These people are asking Parliament to intervene to ensure that the provision of the Citizenship Act concerning the automatic granting of citizenship to any child born in Canada not be dropped. This petition is in response to the federal government's intention to amend the existing legislation.

In support of their request, the petitioners maintain that such an amendment will create stateless children. Canada would then be in the position of not respecting its international commitments in this regard. They therefore ask that the legislation be left as is.

[English]

## NATIONAL AIDS STRATEGY

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I have two petitions pursuant to Standing Order 36. The first one is from approximately 50 petitioners who point out that phase 2 of the national AIDS strategy will expire in March 1988.

The petitioners urge Parliament to ensure that a dedicated AIDS funding approach beyond that March 1988 deadline be put in place and to ensure that a sufficient AIDS strategy be continued by the government.

## DISABILITIES

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, the second petition is presented by approximately 50 petitioners from east metro and metro Toronto and parts of southern Ontario.

The petitioners point out the previous and continuing involvement of the federal government in the area of disabilities for Canadians. They call upon Parliament to urge the government to continue to be responsible for disability issues and to ensure that all Canadians are treated equally.

## QUESTIONS ON THE ORDER PAPER

**Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** Mr. Speaker, the following questions will be answered today: Nos. 91 and 103.

[Text]

Question No. 91—**Mr. Milliken:**

What were the personnel costs of the Sound and Light Show on Parliament Hill in 1995, and what costs were incurred by federal government departments or agencies, other than the National Capital Commission, in respect of the said show?

**Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.):** I am informed by the National Capital Commission and the Department of Public Works and Government Services as follows: The National Capital Commission, NCC, personnel costs for the 1995 Sound and Light Show on Parliament Hill were \$35,400.

In 1995, total expenditures in the amount of \$103,407 were incurred by Public Works and Government Services Canada, PWGSC, in respect to the NCC Sound and Light Show.

This was a one-time contribution, consisting primarily of a \$100,000 payment to the NCC for the purchase by the NCC of a projector for the Sound and Light Show which was necessary for the adaptation of the show due to the restoration work being carried out on the Centre Block south facade.

An additional \$3,407 was incurred for the design, supply and installation of new stainless steel lighting brackets on the north wall of the Peace Tower. The old brackets which were of ordinary steel were corroding and damaging the stone.

Personnel costs cannot be identified as this work, the replacement of lighting brackets, was included in the Peace Tower project.

PWGSC, as custodian of the Parliament Buildings, is responsible for assets occupied by tenants and is also responsible for grounds.

Other departments and agencies have no information on this subject.

Question No. 103—**Mr. Robinson:**

With respect to applications for Canada pension plan disability benefits and considering the time presently required between the submission of an application and when benefits are received, or the application is definitely rejected, can the Minister of Human Resources Development indicate: (a) the mean time, (b) the median time and (c) the maximum time for each quintile of applicants and what measures are being taken to reduce these delays?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** As part of a major redesign of income security programs intended to streamline and modernize our delivery systems, the Canada pension plan, CPP, disability program was decentralized during 1996. This included the regionalization of

operations and brought decision making for CPP disability applications and reconsiderations closer to our clients throughout Canada.

Roll out of the regional functions occurred on a schedule from November 1995 to June 1996.

As a result, all applications for Canada pension plan disability benefits, except those for Quebec and Prince Edward Island, are received and processed in the regions.

From January to the end of December 1996, Canada pension plan received 79,778 applications for disability benefits.

It is a massive undertaking to move files, functions, technology and some staff from headquarters to 10 regions, and to train local personnel who will be performing new duties, all this while continuing to receive and process applications of the magnitude received by CPP on a daily basis. Delays are inevitable during a breaking-in period. We are in that period now.

This adjustment period and the loss of some economies of scale subsequent to decentralization and the underestimation of resources have resulted in backlogs in some regions in the adjudication of disability applications.

a) Presently, the average national time to process a disability application in the region is 59 working days. In some instances further information is required from medical specialists. These cases require additional time beyond the national average. The following reflects the time elapsed from receipt of the application to the time a decision to grant or deny benefits is made. By region, it is as follows:

Newfoundland:	41
Nova Scotia:	35
New Brunswick:	60
Ontario:	49
Manitoba/Saskatchewan:	43
Alberta:	68
British Columbia:	117

b, c) A major redesign of the systems supporting the Canada pension plan disability process is under way. When it is in place in 1998 it is expected that the average processing time for a disability application will drop to 30 days. This will also give us the means to gather, manipulate and analyse in a variety of sophisticated ways data regarding various aspects of our service delivery approaches.

Until then it is not possible to provide the response time in terms of the median time and the maximum time for each quintile of applicants.

Plans are under way to redirect as of March 1, 1997 some regional files to headquarters where the efforts of some 30 adjudication staff will be redirected from the reassessment program to the processing of regional disability applications. Decreasing the

### *Supply*

backlog in British Columbia as well as Ontario where the volumes are greatest will be the first priority.

All regions are presently implementing an action plan that will decrease response time to an acceptable level by the end of May 1997. This will include hiring and training additional staff, the use of overtime and further streamlining of work processes.

A national committee has been established to develop an improved method of forecasting resources required for the disability program.

[*English*]

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

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

**Some hon. members:** Agreed.

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## GOVERNMENT ORDERS

[*English*]

### SUPPLY

ALLOTTED DAY—TRANSPORTATION

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.)** moved:

That this House condemn the government for its approach to federal transportation policies, and in particular, the cancellation of the Pearson Airport deal, the continued neglect of Canada's national highway system, costly inefficiencies in the grain transportation system, and the on-going subsidization of VIA Rail at the expense of taxpayers and private-sector passenger rail and bus operators.

He said: Mr. Speaker, I rise to speak on the Reform supply day motion. There are four specific items named in the motion but of course others may choose to expand beyond them. I will speak on three of the four items highlighted in the motion, leaving the grain question to be handled by my colleagues from the agricultural sector.

I open with a few comments on the Pearson airport contract. Yesterday Reform exposed some of the myths projected by the Liberal Party dealing with its finances. It seems unfair that the finance department alone should be singled out.

Let us take a look at the Pearson airport deal. It is a myth that this is a payoff for Tory businessmen. The fact is that there are more known ties to the Liberal Party in the make-up of the Pearson contract holders.

Another myth is: "We had to cancel the deal because it was too rich". The fact is that secret government documents have revealed it was a good deal for the government. What is more, the government is now in court arguing that the contract holders would not have made any money at all.

*Supply*

The true facts of this scandalous, mishandled political blunder are as follows. During the election campaign the Liberals stated that they thought the Pearson deal was bad and that a Liberal government would investigate and would cancel the contract if it found wrongdoing.

I have no problem with that. To be honest, I felt the same way. At this point the public was ready to believe anything about Mulroney's old party. The problem was that when they got elected and investigated the contract, the Liberals could not find anything wrong with it. Further, studies in the possession of the Liberals clearly indicated that it was a good deal for the government and thus for the Canadian taxpayer.

• (1020)

Without one shred of real evidence the Liberal government slanderously attacked the Pearson contract holders using no evidence whatsoever and using only political rhetoric. To protect themselves the Liberals then introduced the most undemocratic piece of legislation the House has ever seen, Bill C-28.

What should they have done? After the investigation did not actually turn up any evidence of wrongdoing and armed with studies that pointed out the value of the contract of the government, the Liberals should have stated that the contract was not quite as bad as they thought it might have been and that they would try to make some changes that would make it acceptable. I am sure if they had gone to the contract holders they could have arranged a few face saving changes to the contract and then pronounced it okay to proceed with the changes that the Liberal Party had made.

What did members of the public get instead? Right now they have a legal bill that is over \$13 million to date and still growing. They have a lawsuit with a potential settlement of hundreds of millions of dollars, a lawsuit that the Liberals had been warned about in those same secret documents in their position before they proceeded.

Terminals 1 and 2 at Pearson airport would have been substantially rebuilt instead of being in the deplorable condition they are in to this day. They have no plans for the needed rebuilding of those terminals and they have no money in the bank. It will be interesting to see how the upcoming budget addresses that particular problem.

Finally, there were enormous job and tax revenue losses for metro Toronto. The loss of direct and indirect jobs from the cancellation of the contract has cost the Toronto area tens of thousands of jobs and business activity. If there is any honour among the Liberals they would pay the cost of their politically motivated mistake from their own party account. We know this will not happen because that honour is not there.

With regard to the recently released report on the national highway system renewal, there is nothing in it that deals with a

solution to our deteriorating national highway. There is nothing there to get excited about. It is again filled with Liberal rhetoric.

I should mention that the press release put out by the chair of the Standing Committee on Transport has a neat little trick in it. It says: "Not only are we excited about this but the official opposition has signed on and we are all singing together". Maybe the official opposition did but the national opposition party certainly did not.

The report is full of Liberal rhetoric and when it comes to real solutions there are not any there. There are three fundamental problems. A huge majority of the witnesses who came before the committee asked for some portion of the federal fuel tax revenues to be dedicated specifically to dealing with the national highway system. It should be noted that the government collects about \$5 billion a year in highway fuel taxes and spends a mere \$200 million.

In a highly manipulated move the chair decided to hold a one-day invitation only round table discussion which he used to override the testimony of four months of witnesses. Virtually all the recommendations in the report arise out of that one-day meeting instead of the four months of testimony.

The report states that the government should commit long term stable funding for highway rebuilding but refuses to do this through a dedicated account because then it would have to live up to that commitment, which is something it will not likely do.

The second area where the report errs is by suggesting that shadow tolling is a funding source. Shadow tolling involves the checking of traffic and making a payment based on the traffic to the operator of the highway. It is a method used to repay a private contractor for building or rebuilding a bridge, highway or some other portion of highway infrastructure, but the payment still has to be made by the government. Shadow tolling and public-private partnerships are valid cost saving efficiencies but they are not funding sources. Unless the government is planning to rebuild our national highway system by the introduction of massive vehicle tolls, this section of the report is deliberately misleading.

The final and most important area of the report is relying on the private sector through public private partnerships to deal with much of the highway problem.

• (1025)

This in itself has much potential but only if there is confidence in the private sector that the government is honourable in its dealings, and there is much evidence that this honour does not exist. The government handling of the Pearson contract was only the smallest tip of the iceberg.

In 1989 the government went to the private sector and asked it to take over the money losing VIA Rail Rocky Mountaineer. The

*Supply*

private sector responded. The Rocky Mountaineer was purchased by a company known as the Great Canadian Railtour Company.

Although it was losing money at the time of its purchase, the Great Canadian Railtour Company spent millions of dollars building and advertising the Rocky Mountaineer. Today it is an overwhelming success story. It has increased its business by 30 per cent per year on an ongoing and constant basis.

When it was taken over there were 5,000 passengers utilizing that system. In 1996, 42,000 people travelled on the Rocky Mountaineer. Also in 1996 they announced their expansion plans for 1997. They then went to VIA Rail and purchased the coaches necessary for this expanded service and sent them to Kamloops in British Columbia to be refurbished and to bring them up to the high standard Rocky Mountaineer insists on. Three months later VIA Rail, knowing the expansion plans of the Rocky Mountaineer and having sold it the cars that Rocky Mountaineer was using for this expansion, announced that it wanted back in. That is unacceptable.

What is even more unacceptable is that the Minister of Transport is actually considering allowing it. He is not only considering it but actually we believe he is at the point of announcing it. This is not only unacceptable to me but it is unacceptable to a great list of other people.

I have a copy of a letter that was delivered to the Minister of Transport from the organization the government is now relying on to bail it out of the highway system problem it has got itself into. The letter is from the Canadian Council for Public-Private Partnerships. It states:

In the case of VIA Rail's Rocky Mountaineer service the government correctly got out of a money losing activity. If the government wants to re-enter the business now that an entrepreneurial private sector operator has made it profitable, this will deter future private sector companies from bidding on future government privatization opportunities. The example of the government exiting and re-entering a business will send a bad signal to entrepreneurs who are looking to establish these types of public-private partnerships.

So much for the government's great plan to rebuild our national highway system. It first has to get the private sector's trust. Even as the government says it wants it, it is throwing this in the private sector's face.

If the minister thinks that allowing VIA to proceed is good for tourism, why have the Council on Tourism Associations of British Columbia and the Tourism Alliance of Western and Northern Canada emphatically stated their opposition to it?

How can the minister think allowing VIA to proceed is good for B.C. when every passenger VIA takes from the Great Canadian Railtour Company means another person staying and eating on a subsidized VIA Rail train instead of staying in B.C. hotels and eating in B.C. restaurants?

If the minister raises the support of the Canadian Tourism Commission, is the minister not aware that his crown corporation has been subsidized to the tune of over \$7 billion through VIA that it gives in terms of CTC dollars every year? Should he not reconsider that its input is biased? This is especially true if we consider that the vice-president of the Canadian Tourism Commission is a former VIA employee who was unsuccessful in his bid to acquire the Rocky Mountaineer and who ended up in litigation with the Great Canadian Railtour Company.

The chair of the Canadian Tourism Commission marketing committee is vice-president of marketing at VIA Rail and was also involved in the unsuccessful bid for the Rocky Mountaineer. According to the Liberal government there is no bias I am sure.

• (1030)

What public need is served by allowing a crown corporation that is subsidized hundreds of millions of dollars to compete against a private sector taxpaying company that has done everything the government asked it to do when it sold the route in the first place?

I have a few interesting quotes: "If the government does not need to run something, it should not, and in the future it will not". That was said by the Liberal Minister of Finance. The mayor of Kamloops said: "VIA Rail's plan to increase passenger traffic would have a devastating impact on the Great Canadian Railtour Company and the Kamloops economy".

Here is another dandy. I trust the parliamentary secretary is taking this one in: "I cannot emphasize too much that we are not in the business of putting at risk anyone who has taken on risk in the private sector trying to help us out in the railway industry". Who is that one from? The then Minister of Transport who is now the defence minister for that same Liberal government.

What did the public have to say through organizations like the Canadian Taxpayers' Federation? "Forget the Vancouver-Jasper decision, Mr. Anderson. Put VIA Rail on the selling block, a 1990s version of the Last Spike that is long overdue".

What is even more disturbing to me is the matter of honour with the Liberal government. In December the chair of the Standing Committee on Transport announced to me that he wanted to hold a round table discussion in Ottawa during the recess of Parliament in January. I told him I was not in favour of this because there was no possible way I could attend. This is not a break, as it is euphemistically called, but is in fact a required time to work in our constituencies.

**Mr. Keyes:** Not required—optional.

**Mr. Gouk:** It is an option for Liberals. Only Reformers actually work in their constituencies.

He said: "I really want your approval for this and I am willing to make some kind of a deal with you. What do you want?" I said:

*Supply*

“What I need is a statement from the committee that it is the wrong signal from the government to allow VIA Rail to get back into competition with the company it sold to the private sector and that it is sending that signal out at a time when you are counting in the private sector to bail you out”. He agreed to that in writing. He then proceeded to hold the round table which is being used to override four months of testimony. Then they reneged on the written commitment that was made.

There is no honour on that side of the House. There is no honour in the Liberal Party. There is no reason for the private sector to trust the government as it now goes around saying: “Help us, we have made a mess of the national highway system and now we need you to bail us out”. The private sector is capable of bailing out the Liberals, but it had better be awfully careful when it enters into a deal with the current Government of Canada, the Liberal Party.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I have just two points for the hon. member opposite who is a longstanding member of the transport committee, of which I have had the honour to be a part since my election in 1988.

The member should know that a committee of the House of Commons is the master of its own destiny. If the member could possibly understand, a committee makes its decisions to proceed in the best way possible in order to glean all the information it can to make the decisions at the end of the day.

**Mr. White (North Vancouver):** How can you keep a straight face?

**Mr. Keyes:** Unfortunately the hon. member opposite would sooner spend his time, as he said he did, back in his riding holding what he called politically oriented meetings, et cetera, rather than doing the job that his constituents sent him here to Ottawa to do.

We were working very hard on a triple T study, as we call it, a trade, transportation and tourism study. We heard a bevy of witnesses on the subject.

• (1035)

To the credit of the chairman of that committee, he pulled together 22 players, who either came to the committee at one time or made written interventions to the committee, to sit at one table. It worked wonderfully. Unfortunately, the hon. member missed it. Not one member of the Reform Party was present. However, the government and the official opposition were there.

Twenty-two people were sitting around the table. Instead of the usual way a committee works, hearing witness after another, unconnected, and only hearing one side of the story, we had all these witnesses sitting around the table discussing the idea of finding new options, exploring new ways of helping to finance a

national highways project. One person would say something and another person would argue sensibly, quietly and diligently why we may not be able to do something.

It was the most fruitful meeting I have been at in the nine years I have been sitting on committees. There was interaction at the table between the private sector, the public sector and members of Parliament who represent their constituencies. At the end of the day, there was a consensus among all the players. Even more important than pulling in witnesses and trying to come to some consensus as individual witnesses, it was a table that came together as a consensus. It was marvellous.

The consensus was to move toward a model. We would take an example of a structured road somewhere in Canada and apply the strategic thinking that went on at that committee to the model to see how to crunch the numbers, to see the options of payment, and to see where the government and the Canadian taxpayers would be taking a lower risk on a particular venture. These are the great ideas that came out of that meeting. Unfortunately, the member opposite was not at it.

On the subject of the Pearson airport deal, I have to ask myself about the hon. member of the Reform Party. Let us remind ourselves that he belongs to a party that prides itself on being the party of constituent consensus. Let us look at constituent consensus. What did constituency consensus state? In the *Toronto Star*, for example, on December 4, 1993, it stated: “Prime Minister’s Chrétien’s decision to cancel the privatization deal of Pearson International Airport is a breath of fresh air that cleans the stench left behind by the shady deal worked out by the Tory lobbyists for friends of the previous government”.

“Friends of the previous government”. After hearing the intervention of the Reform Party member opposite, I have to think that he could not be a friend of the taxpayers. He is a friend of these lobbyists, of the company run by a guy by the name of Don Matthews, a gentleman who was a chief Tory fundraiser and past president of the Conservative Party. He came forward with this deal. There is not even an option or opportunity for the not for profit corporation, the GTAA, Greater Toronto Airport Authority, to get into the bidding process. It was not allowed to bid on the project and the deal went to Paxport.

At the end of the day Paxport, the company that won the deal, did not have the resources to follow through with what it wanted to do. What did it have to do? It had to reach out and pull in someone in order to meet the deal that it had promised the Conservatives. Therefore, it reached out to the owners of terminal 3, Claridge.

**Mr. Gouk:** Liberals.

**Mr. Keyes:** Yes, Liberals, because Claridge wanted to make the airport work properly. However, I have to ask the hon. member:



Who is he standing up for? Is he standing up for the consortium that wants \$600 million for itself, never having put a shovel in the ground, or is he standing up for the Canadian taxpayer who says: "Government, you do what you have to do. You take these people to court. You make sure that you try to achieve a goal that says we are not going to give another penny over what is deserving, somewhere between \$30 million and \$60 million, not \$600 million as demanded, to pay for things that were not done for the lobbyists and for the friends of Brian Mulroney?" Where does the hon. member stand for the Canadian taxpayer?

• (1040)

**Mr. Gouk:** Mr. Speaker, I hope I have enough time left to respond to the comments made by the Parliamentary Secretary to the Minister of Transport.

First, I will deal with the last part of his tirade on the Pearson airport. He refers to the Toronto *Star* as his constituency. We know the Liberals play to the newspapers and we now have proof, right out of the mouth of the parliamentary secretary.

He keeps talking about the fact that this is a pay-off for the Tory supporters, but in fact, by his own admission, the principal group involved at the time of signing is the Claridge group which is made up of Liberals.

As far as the settlement is concerned, we do not want a specific settlement, we want the rule of law to apply like anyone else. The Liberals cannot screw up, which is what they did with the Pearson cancellation, and then write legislation to protect their own hides.

With respect to the highway study that he mentioned, he is the person who continually says that the committee is the master of its own destiny. I believe the chair of the committee is an honourable person, but he got orders from on high to disregard the commitments he made to me.

The suggestion was made by the hon. member that I would rather be in my riding than down here doing my work. There is a parliamentary schedule. There is a schedule to be here; there is a schedule to be in the constituency. While he was dithering around doing who knows what, I was in my riding conferring with my real constituents, the taxpayers of this country, not the Toronto *Star*. I held 18 town hall meetings during the January recess period and the parliamentary secretary knows that.

He says that they pulled in all these wonderful people. The principal leader was Moya Greene, who came right out of the transport department. He made a mistake. I asked for a certain report and they faxed it to me. In the report which they faxed to me were handwritten notes made by Moya Greene. They goofed again.

### Supply

The more the Liberals try to twist the facts, the more trouble they get into. They heard four months of testimony from witnesses and on a one day, by invitation only, round table, they brought in their own special people to manipulate this thing. They overruled four months of testimony and wrote a report based on one day.

If that is what they intended to do, why did they waste hundreds of thousands of taxpayers' dollars travelling from one end of the country to the other? Time, money and effort were expended by all those witnesses who thought they were getting democracy, when the Liberals intended to hold a one day meeting and override the whole thing.

Honour and democracy are alien words to that side of the House. Instead of buying a new red book they should buy a dictionary.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I want to respond to the remarks made by the hon. member and the Reform motion before the House which condemns the government for its approach to federal transportation policies.

First, I would like to address the concluding remarks of the member opposite. He said that his constituents are somehow different than the constituents of the Toronto *Star*. I have spent some 16 years in television news—

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

**Mr. Keyes:** It was not just the Toronto *Star* but many other media outlets which displayed the same outrage on behalf of the people who read their newspapers, who just so happen to live in my riding and in the riding of the hon. member for Kootenay West—Revelstoke.

The views of the taxpayers are seen on the editorial pages. Maybe the hon. member does not go beyond the editorials written by the paper and read the editorials with constituents' names attached to them. Some of them are outraged. Many have written to say they did not like the deal, that it was a deal which was hatched in the dying days of a Conservative administration that was on its way out because it had the worst eight year record of fraud that was ever established in Canadian history. On how many occasions did we watch, as I did, ministers on the Conservative front bench stepping down because of their improprieties?

• (1045)

The media outlets are there. They are doing their job. In order to represent the Canadian taxpayer, they are the people who are watching out. It is quite so these days that this House of Commons does not have an opposition. The opposition is the news media in this country and I say thank God for that.

The government's transportation policies, the very policies that the hon. member for Kootenay West—Revelstoke would have this House condemn, are helping to boost Canada's trade competitive-

*Supply*

ness. They are strengthening tourism. Best of all, they are creating jobs in Canada. That is because the transport minister and this government have a clear vision for the future of transportation in this country.

Over many years governments in Canada invested in, operated, owned, regulated and controlled our transportation systems. This led to an overbuilt, oversubsidized, overregulated environment. Today however a far reaching modernization is under way.

I believe it was the Minister of Finance who first pointed out to this House in one of his first budgets that the government ought to get out of the business of running business. That is part of the modernization process I am speaking to. Our government is working toward a more efficient, commercially driven, regionally responsive infrastructure that is less dependent on public subsidies. We are working toward transportation that a new economy can ride on.

For proof of that work we need look no further than the first subject of today's motion, Pearson airport. Our government transferred control of Pearson airport to the Greater Toronto Airport Authority last December. That is what the people wanted in this country. This transfer cleared the way for the GTAA to redevelop Pearson to its fullest potential and to market the airport as one of North America's leading international gateways.

The federal government ran Pearson airport for many years and it ran it well, but the federal government had neither the freedom nor the mandate to pursue the full commercial potential of the airport. However the GTAA has done both. It is free to aggressively market Pearson airport, to pursue new business opportunities, to use innovative financing for capital works.

The commercial orientation will ensure that Pearson, Canada's largest and busiest airport, remains responsive to the needs of the travelling public, shippers, carriers and the surrounding community. Already the Greater Toronto Airport Authority has announced a major redevelopment plan for the airport that will see terminals 1 and 2 eventually replaced by a modern, unified terminal building. The redevelopment plan represents an investment of \$2 billion in the airport; that is \$2 billion, with a *b*. That is in addition to the \$250 million worth of projects already under way at Pearson, including the construction of a new north-south runway and a centralized aircraft de-icing system.

I emphasize that our government transferred control of the whole Pearson airport, not simply terminals 1 and 2. That will allow the airport authority to develop and put in place a vision for the airport as one single strong entity.

In accordance with our government's national airports policy, the GTAA must also abide by strict principles of public account-

ability. It must ensure that the concerns of airport users, the people who pay the bills, the local community and the taxpayer are not superseded by those of private interests, the friends of my hon. friend from Kootenay West—Revelstoke.

The authority's board of directors must be composed of representatives from the community, the various levels of government and other participating organizations such as boards of trade and labour organizations. That is what our government's national airport policy is all about: ensuring that Canada's airports reach their full potential, that they generate growth, create jobs, all the while working in the best interests of the community and the country.

The national airports policy is just one of our government's achievements in the air sector. We have been working hard to modernize Canadian air transportation. We have introduced a new international air transportation policy designed to better meet the needs of travellers, shippers and airport communities.

Also of significant impact to Canadian travellers was the signing of the landmark open skies agreement with the United States back in February 1995. Thanks to open skies, Pearson airport is enjoying a significant number of new direct flights to the United States.

• (1050)

On the issue of highways, just as improved air transportation leads to increased trade, tourism and jobs, so too does a safe, well maintained national highway system. That is why our government will be spending \$292 million on cost shared highway development projects in this fiscal year alone. This is in addition to the approximately \$100 million we spend each year on federally owned highways and bridges across the country. That is a total of \$392 million, an amount that we just moments ago heard the Reform Party allege was a meagre amount.

To quote the Reform Party member: "The government is spending a mere \$392 million on highways", a mere. That is close to half a billion dollars. Only a Reform Party member could call an almost half a billion dollar investment in highways a mere amount.

That is also why our government will be studying very carefully in the days ahead the recently tabled report from the Standing Committee on Transport which deals with the very issue of highway funding. It was when the report came together, when we returned to this House after the break, that we worked diligently day after day, hour after hour without the member for Kootenay West—Revelstoke who speaks so eloquently that we have a schedule here and a schedule there. Well, the schedule started two weeks ago and the member only returned to the House after our serious deliberations and meetings—

*Supply*

**The Acting Speaker (Mr. Milliken):** Order. I think the hon. parliamentary secretary knows that it is improper to refer to the presence or absence of members. I invite him to refrain from that kind of comment.

**Mr. Keyes:** Point taken, Mr. Speaker.

As the hon. members across the floor well know, highways are mostly the exclusive jurisdiction of the provinces. The many funding agreements we have signed with the provinces and territories however are proof of our government's commitment to work with other levels of government to preserve and enhance Canada's national highway system.

On the subject of grain transportation which the hon. member brought forward but did not speak to, our government's efforts to ensure the provision of a well maintained road system in this country mirror our work to modernize the rail sector. This leads me to the subject of grain transportation.

The motion before us suggests that the federal government is responsible somehow for the inefficiencies in the grain transportation system. Nothing could be further from the truth. Since coming to office, our government has taken bold steps to modernize rail transportation, the principal means by which grain is shipped in this country.

The Canada Transportation Act for example has given Canadian railways the flexibility to compete by reducing costs and those excessive regulations. The new act has cut the number of railway actions or decisions requiring government approval to about 40 from a previous high of 200. Cutting excess regulation will benefit not only the railways but also its customers, which include the grain shippers, through lower rail costs. The new act also shifts the focus from rail line abandonment toward the development of a healthy shortline industry.

Canadian National is now a private company with the tools it needs to compete. Putting CN into the private sector was an important step in our government's plan for modernizing the rail transportation system. The privatization has placed CN and CP rail systems on a level playing field. It has also subjected CN to the disciplines of the marketplace.

Not only will this move ensure the survival of the railway, but the gross proceeds from the sale of the crown's 80 million shares returned to the Canadian taxpayer in the amount of \$2 billion. The enthusiastic response to the share offering by investors through Canada, the U.S. and internationally was outstanding. In fact it demonstrates CN's position as a strong player in the North American rail industry.

Finally, let us talk about the issue of transportation subsidies. As even a casual observer will notice, our government has dramatically cut subsidies in the transport sector. We have done so because we

believe that those who use the transportation services should pay a greater share of the cost of providing those services.

VIA Rail for example will see its annual subsidy reduced to \$170 million for the fiscal year 1997-98.

**Mr. Morrison:** Only \$170 million?

**Mr. Keyes:** Only \$170 million because prior to that, my friend in the party opposite, it was well over \$300 million and we have cut the subsidy. To its credit VIA Rail has not cut services in the process.

• (1055 )

In conclusion, I have addressed all the principal concerns set out in what I call this laughable motion, but by no means have I exhausted the list of accomplishments our government has achieved in the transport sector. There is the national marine policy for example. There is last November's transfer of the air navigation system to the not for profit corporation called Nav Canada, a move that also netted the taxpayers of the country \$1.5 billion. I am proud to say that we are meeting our goal in this government.

For five years I sat on the opposition benches. For five years I sat on the transport committee of the House and I watched the Conservative government—the same Conservative government that had its current leader sitting at the cabinet table—shelve document after document and not pay attention to the needs of transportation, not modernize transportation, not bring forward all the essences that make Canada great, that pull us together, that make us competitive and create jobs in this country.

I am proud of this government's record and I am going to stick by it. I am prepared to entertain any questions the hon. member opposite might have.

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, every time I hear the hon. member who just spoke I am more impressed with his talent. He just stood and gave 20 minutes of the biggest bunch of drivel I have ever heard yet he kept a straight face through the whole thing. Perhaps it is explained by his suggestion that he has a background in radio and television. I guess that is where he got his training.

A couple of quick points. He said that the CN share sale was a huge success, and it was. In fact it was such a success that many Canadian purchasers wanted to buy shares. However they were not allowed to because the Liberal government in its document designated a large portion of them to be sold only outside the country. This was in spite of the fact that the Reform Party put in an amendment to say that for the first 60 or 30 days allow it for Canadians only and then open it up. The government refused to do that and many Canadian purchasers who wanted to keep the rail company ownership in Canada were refused because of Liberal policy.

*Supply*

The hon. member says that the Pearson deal was signed in the dying days. I do not know, maybe the hon. member lives in the publishing office of the Toronto *Star* instead of a house because if he has ever bought or sold a house he knows that once you make a commitment to buy a house, the signing, the final completion of the contract, the conveyance comes further down the road. Once the commitment is made, both sides are locked in. To do otherwise would be a breach of contract like the one the government has now found itself in as ruled by the Supreme Court of Ontario.

The hon. member said that government is oversized and over-subsidized and that the Liberals intend to cut it down. He also said that the government ought to get out of the business of running business. Why then would the government even consider for a moment allowing this huge subsidized VIA Rail currently being subsidized by an amount of \$600,000 a day to compete against the private sector, the private sector that it in fact asked to take over VIA Rail operations? They not only did it, they were good. They made it one of the best successful businesses in British Columbia and now they want to destroy it.

If the hon. member is so worried about the papers, tell the papers in Kamloops and through them all the people in Kamloops, why this Liberal government wants to destroy 42,000 hotel nights a year in Kamloops by letting VIA Rail get back into the very business it sold. I would specifically like to hear an answer to the question as to why, given his own words—unless he is prepared to go back on them—they would even consider allowing VIA to now go into competition against the Rocky Mountaineer?

Finally, with regard to Pearson, he mentioned \$2 billion in expenditures at Pearson airport. I have heard that amount too. The new head of the GTAA has said: “We have this great plan. We are going to spend \$2 billion”. Never mind the \$800 million the private sector was going to spend without it costing the taxpayer a dime. Where is that money coming from? The Pearson contract specifically banned the private sector from introducing passenger user fees except under exceptional circumstances. Where is the money going to come from? Who are they going to stick for the bill for rebuilding the terminal now that the private sector which was going to do it at no cost to the taxpayer has been kicked out?

• (1100)

**Mr. Keyes:** Mr. Speaker, I will directly answer the member's questions. All the the member's hyperbole notwithstanding, there is a right to be protected here, the right of the Canadian taxpayer in regard to the Pearson airport deal.

**Mr. Gouk:** The right to pay more.

**Mr. Keyes:** The member asked if I own a house. Did I ever sell a house or make a contract? Yes, I have bought a house but I have

had the opportunity of knowing exactly what I am buying. Unfortunately, the Conservative government of the day sold a bill of goods in the dying hours of a campaign. It knew it was on its way out. The Canadian taxpayers recognized the deal was a sham, hatched by the Conservatives, and it was not going to be the right deal for the Canadian taxpayer.

However, the government is still on the record as saying it will leave every option open to reach a settlement that is satisfactory to the Canadian taxpayer, satisfactory to the plaintiffs in this matter, completely satisfactory. It means a payment, interestingly enough, with which the consortium is not happy.

The consortium is not happy with what it received back in payments to the tune of approximately \$60 million. They are going all the way on this thing because they have bills to pay for their Conservative lobbyist friends; \$600 million as opposed to \$30 million or \$40 million. Imagine.

There is a member of the House who represents constituents in a riding in British Columbia who is saying: “I agree with those fellows. Let us give them \$600 million because, gosh, we had a contract”. Let us talk about who is to be protected here. The Canadian taxpayers that we represent need the protection. The Canadian taxpayers have recognized this deal as a sham. This government is standing on its own two feet and making sure that the taxpayer is protected. It is ensuring that the right of the Canadian taxpayer is given paramount consideration in this matter.

**Mr. Solberg:** I think we need protection from your government.

**Mr. Gouk:** Do not forget to answer the VIA question.

**Mr. Keyes:** I know the hon. member opposite is very interested in the VIA question. Unfortunately, as is usually the case with the opposition, it is only telling half the story.

Let us look at the full story. A private sector company called the Great Canadian Railtour Company is doing a fantastic job, a wonderful job of providing—

**Mr. Solberg:** Why are you trying to destroy it?

**Mr. Keyes:** Do you want to hear it or do you want to keep yelling?

That company is doing a wonderful job of providing a tourism service. It provides the customer the opportunity to get on a train, travel through part of the Rockies, stay overnight in a community, have a meal and entertainment and get back on the train in the morning and continue on their way to the next location. It is a magnificent tourism service, a first class service.

VIA wants to run a train from one part of B.C. to another during the daylight hours, providing transportation to a group of people who live in B.C. who number in the thousands that are saying: “We

do not have enough room on this particular train. We need more room on another train to get from A to B.

**Mr. Hermanson:** And lose money.

**Mr. Keyes:** It is not a luxury service. It is not going to be an overnight service. The members over there want to compare apples and oranges and cry that it is not fair.

We are working with Mr. Peter Armstrong at the Great Canadian Railtour Company to try to achieve a goal that will be fair to him and at the same time fair to the Canadian taxpayer who pays the bills for VIA Rail who has said: "We will be arm's length from you. You are going out there. You are going to do the business necessary in order to get a return on the investment of the Canadian taxpayers".

VIA's subsidy of \$350 million a year is now down to \$170 million yet it is not dropping any services. We telling them to become commercial and get competitive. That is exactly what it is trying to do. However, if VIA came in and duplicated the service of the Great Canadian Railtour Company in B.C., the government would not stand for it, I would not stand for it and neither would the constituents of British Columbia.

• (1105)

[*Translation*]

**Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ):** I am pleased to speak today on this Reform Party motion condemning the government for its approach to various federal transportation policies. The Reform Party has opted to focus on the partisan choices made by the present government. They are entitled to do so, and this may be one aspect that is particularly striking.

I wish in particular to draw the attention of the House to the present government's inefficiency in the area of transportation. At the present time, there is a fairly impressive number of examples of the federal government's shirking its responsibilities and therefore costing Quebec and Canadian taxpayers considerable amounts of money.

The first example is the Pearson airport. The former government decided to privatize the airport, and this one made a campaign promise to cancel that privatization. To that end, it tabled a bill which the hon. members on this side of the House rejected on the grounds that it was inadequate, inconsistent and unrealistic. It was even defeated by the Liberal majority in the Senate.

The government has had eight months now, since June 1996, to find a solution with the promoters of Pearson airport to settle the dispute without costing Canadians an arm and a leg.

We are still waiting. Will the federal government introduce a new bill in an attempt to get out of this mess, which is going to

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cost, who knows, maybe \$85 million to \$100 million if there is an out-of-court settlement? If there is a decision—the case is currently before the courts—the suit is for some \$600 million.

The federal government is being illogical in defending the privatization of Pearson airport, after the Prime Minister himself said while campaigning: "This privatization must be cancelled, because there will be outrageous profits, \$200 million".

Now the government lawyers are saying in court: "No, no, the profits will not be that high. So they do not deserve any significant compensation". The government needs to get its act Together, face its responsibilities, and take a stand.

Unfortunately, as far as transportation is concerned, for the past three years the government seems to have been on automatic pilot. It has deregulated and privatized, but it also stopped doing something that was not necessarily undesirable in all sectors. It stopped monitoring the effects of these policies.

We had an example this fall. In 1996, there was a dramatic increase in railway accidents. There was an increase in the number of deaths and accidents as a result of safety problems on the railway network. We had an aging network on which the lines were not always maintained. The government decided to privatize the system, which was not necessarily a bad thing. On the other hand, the government had no right to look the other way and cease to fulfil the mandate it still has, privatization or no privatization, to ensure the safety of our railways.

The motion presented by the Reform Party today concerns the partisan approach of the federal government to its transportation policies. However, I think the biggest mistake, the most obvious weakness in the government's approach is the fact that it is incapable of taking a position, making decisions and acting responsibly.

I gave the example of Pearson airport. There is worse yet. Yesterday, a judgment by a judge of the Quebec Superior Court stated that the federal government had failed to act responsibly in the matter of changing the roles of Montreal's airports at Dorval and Mirabel.

Today, we have a situation where everyone is back to square one. There are regions whose economies have been hard hit by this decision. The judge made the decision on the basis of the case before him. For the past six months at least, the Bloc Québécois has suggested two things the minister should do. First, conduct public hearings on the question. And second, act responsibly as the lessee of the facilities at Mirabel airport and Dorval.

• (1110)

These recommendations by the Bloc are exactly the same recommendations that were made in the judgment by Judge Viau.

*Supply*

So it is not just an opposition party speaking out. Now we have a judge who made a ruling. The federal government, which has been dithering for six months, will now have to pull up its socks and act responsibly. This is one more example of the federal government's lack of effectiveness in the transportation sector. This department, which for years had been huge and very slow to act, is now having trouble monitoring the reforms that have been introduced and ensuring they will be implemented.

A third example is Canadian Airlines International. For many years the federal government has been artificially supporting this lame duck. According to its vision, we absolutely needed two national carriers in Canada. Well, one of them has been on life support for a number of years: it was given grants, even a tax holiday and compensatory funding. A precedent was set when the government intervened in labour relations to allow Canadian to survive.

This is irresponsible, coming from a government that sees itself as an advocate of free competition. When it formulated this principle, it should have abided by it and let the companies do the same. Air Canada has already done a lot of house cleaning. It had to make some very difficult decisions in the past: lay-offs of pilots and other staff. Today, it is a profitable company. It operates well and is aggressive on international markets. It would be prepared to expand if the Canadian government was not paralysing it by limiting its international routes.

Here we have three examples of federal government inefficiency, lack of decision making ability and inflexibility. They are Pearson airport, the Montreal airports and Canadian international. So we can see how the federal government has problems being effective in its transport policy, with examples such as these. One tends to wonder about the upcoming reforms.

In December 1995, the government tabled a reform of Canadian ports policy. In the meantime, it tabled Bill C-44. In December, we considered it clause by clause, but we have heard nothing since then. The bill has not reappeared in the House, and communities are quite anxious about how their port facilities will be returned to them.

Will there be enough money to return the ports to the communities in a reasonable state? Is the current figure of \$125 million sufficient? Will they take into consideration our recommendation that commercial ports like Cacouna, in my riding, for example, be treated differently from ferry ports like Saint-Siméon and Rivière-du-Loup, which is also in my riding?

This sort of facility must be treated differently. The government's intention to maintain ferry services and port facilities, so long as the ferries continue to run, must be absolutely clear. We

need clarity, because the longer decisions are put off, the greater the impact on the decision of business to settle in a region.

Eastern Quebec, as you know, was hit very hard by the employment insurance reform. So the federal government must hasten to establish clear guidelines and make choices in order to let people know the conditions under which the port of Cacouna will become the property of the port development corporation, so that business wishing to set up in our region may do so in full knowledge of the facts.

When a business makes a choice and says: "I will set up a plant in a given sector", this is not a short term vision. It is looking 5, 10, 15 and 20 years down the road. However, we are in a period of very rapid choices. Without adequate answers in these matters, businesses that may have been considering settling in our region could decide to go elsewhere, in New England or some other part of the U.S. eastern seaboard, where they will know where they stand.

I urge the federal government to take a position in this matter as soon as possible.

- (1115)

Another example of the federal government's inefficiency and lack of foresight is last year's reform of the line conveyance procedures. Up till then, before a line could be closed, public hearings had to be held, and if the stakeholders' could find sufficient justification, the line was maintained.

The legislation introduced by the federal, which it got through the House but which we rejected, now allows the companies simply to put the line up for sale again. If the company can find a buyer, the line is sold. Otherwise, the line is abandoned. But they forgot to be specific enough in the legislation.

Let me give you a very concrete example. On the Matapédia-Chandler-Gaspé line, in the Gaspé, runs the Chaleur, a train administered by VIA Rail. The legislation should have included a safeguard whereby the government could prevent private companies from dismantling their lines without any regard for the existing passenger transport networks when there is only one operational line, especially during winter, to ensure that this only line is maintained.

The absence of such a safeguard in the legislation led to the current nonsense. CN is selling the portion of the line between Matapédia and Chandler. They have a buyer, the Société des chemins de fer nationaux du Québec, for that portion because it is used not only for passenger transport but also for freight transport. There is no buyer, however, for the other line between Chandler and Gaspé, which is the continuation, because it is used only by VIA.

VIA Rail passengers are therefore being held to ransom following the company's decision, and the federal government has

absolutely no say in all this. It can only try to see, through a feasibility study, how the economic future of that line could be ensured. Again, we can see that the federal government lacks a sense of planning in its actions.

The government should implement major changes. It should take concrete action as soon as possible, especially as regards the Railway Act, so as to avoid the sale of railway lines. These lines would probably be better managed if they were run by local administrations. At the same time, however, we must not create situations where railway users, including passengers for whom the train is the only mode of transportation, see that mode disappear because of the inefficiency of the applicable legislation.

This is another example which shows that the representations we made were not taken into account by the federal government. In this case, as in the others which I mentioned, the government displays a blatant inefficiency and it should make appropriate changes as quickly as possible, in order to improve the situation.

Now that the federal government has gone ahead with deregulation, it must watch for the impact of this change in every sector. Let me give you an example. The government recently established Nav Canada, a corporation that will manage Canada's air navigation system. In this area, as with railway accidents, there must be an adequate follow-up as regards safety, otherwise in six months, a year or two years, we will notice an increase in the number of accidents in that sector, and we will only be able to deplore some situations when it is too late. I am asking the federal government to make sure it will allocate adequate resources for this initiative.

The Reform Party says it condemns the partisan approach to transportation policies. The government will have an opportunity over the coming weeks and months to prove that its approach is not partisan, when it makes a decision with respect to implementing a partnership between the private and public sectors for the purpose of upgrading Canada's national highway system.

A recommendation has been made by the Standing Committee on Transport, which has seen some truly impressive co-operation, with the Bloc Québécois working with the government to ensure that, over the coming years, there will be significant investment in the national highway system, because it is an essential development tool in the context of North American free trade. In the future, our highway system must become increasingly efficient.

The report suggested pilot projects, and this will be the test of whether the government is capable of a non-partisan approach. Various areas in Canada have development needs in this regard. These needs could be in major urban centres not equipped with the necessary road system, but still part of the Trans-Canada. Or they could be in areas like my riding, where one of the highways running between Rivière-du-Loup and New Brunswick has seen a

### *Supply*

huge increase in traffic over the last 20 years. We are very pleased with this increase, because it contributes to economic activity, but today the highway no longer really meets the needs of the traffic using it.

• (1120)

The federal government will have to make some choices. The committee chairman made representations to the Prime Minister. His advice was that the government should go ahead with this huge investment, and that this new model of funding a private and public partnership should be tried out, allowing the government to shift the investment risk to the private sector and thus making it possible to start up projects two, three, four or five years earlier.

Will the federal government be capable of analyzing proposals on the basis of objective needs criteria? Will it see there are safety problems, like those on the 185 through Témiscouata in my riding? At Saint-Antonin, Saint-Honoré, and Ville Dégelis, accidents occur simply because the road, which is part of the Trans-Canada, can no longer keep up with increased traffic.

I hope the federal government will do something and that a few months from now I will be able to say: "Yes, they did a good job in that area. No partisan decisions. Objective decisions that made it possible to start the work and thus help regional development."

The federal government must not forget it has a lot to answer for in regions with a high percentage of seasonal workers. We were hit on the head with employment insurance reform, and this is still going on, since we have found this reform systematically penalizes seasonal workers.

The Minister of Human Resources Development seems be waking up to this. He is finding ways to change the situation. However, what is needed is measures to diversify the economy and one of the main tools is management of the transportation sector in Canada.

For many decades, Quebec realized how penalized it was by the fact that it did not control its means of development. Since Quebec runs north-south, its development is linked to New England and the American markets. For a long time, Quebec was penalized as a result of a Canadian decision to promote east-west development.

Now that we have opted for free trade, the government's decisions should allow for these circumstances and let our regions develop their potential. Remember that at the end of the nineteenth century, the maritimes were an autonomous region that sold as many goods as it purchased and generated enough jobs to support its population.

However, the policies of the Trudeau years were to create large reserves in the regions. The message was: "We will let the market create jobs in the large urban centres and then we will distribute the wealth." Today, we realize that this does not work because we are

*Supply*

penalizing the people who work in seasonal industries. We are waiting for the federal government to do the right thing and use transportation as a tool in this respect.

We have every reason to be sceptical. Federal action in the transportation sector has not been a success during the past decades. There was quite a commotion at one point. A few years ago, reforms were introduced, but we must ensure that the government—and the opposition will play a watchdog role in this respect—really has an integrated policy for the development of transportation, whether we are talking about the railways, air transportation, shipping or highway transportation. That is not the case at the present time.

The government is being very ad hoc. It is trying to pacify the Pearson developers, but now they will have to manage another crisis involving Aéroports de Montréal. And the same applies to Canadian. My conclusion is that the federal government should drop its piecemeal approach, adopt an integrated transportation strategy and avoid partisanship. If it does, this will benefit the economies of Quebec and Canada.

Let us hope that today's opposition day will make the government aware of its responsibilities and the need to act quickly to provide clear guidelines.

• (1125)

[*English*]

**Mr. Solberg:** Mr. Speaker, I rise on a point of order to ask for the unanimous consent of the House to revert to Statements by Members. Before I put that question, it is important to inform the House why I am making this request.

I note that the Prime Minister will be making a state of the nation address at an invitation only luncheon at the Chateau Laurier Hotel at noon today. As you are aware, Mr. Speaker—

**The Acting Speaker (Mr. Milliken):** Order. The hon. member said Statements by Members. We have not passed Statements by Members. Those come just before question—

**An hon. member:** Statements by Ministers.

**The Acting Speaker (Mr. Milliken):** I am sorry but he said members and I wondered what he was talking about.

He is asking for consent to revert to Statements by Ministers. It will take some persuading because Statements by Ministers are made by ministers, not by members of the opposition. If the member wishes to revert to Statements by Ministers, a minister has to ask to make the statement.

I want him to get to the point very quickly.

**Mr. Solberg:** Mr. Speaker, as you are aware, the question has often been raised of whether parliamentary privilege imposes on

ministers an obligation to deliver ministerial statements, to make announcements and communications to the public through the House of Commons, or to make those announcements or statements in the House rather than outside the Chamber.

Unfortunately we as parliamentarians have no such rights. Although we have no such right there was a Speaker who on February 9, 1982 suggested that it was a matter of personal ethics—

**The Acting Speaker (Mr. Milliken):** Order. I can see where the hon. member is going. The hon. member may be correct in suggesting some question of privilege can be raised about statements made outside the House, but there has been no statement made outside the House that he is complaining of. He is talking about something that may happen later this day.

His point has been noted, but I do not believe it is a question of privilege that the Chair can entertain at this time. There has been no breach of the privileges of the House and no question of order. Ministers are free to make statements where they want, and I know that previous Speakers at various times have made rulings to that effect.

I caution the hon. member that he seems to be anticipating a speech that may be made later somewhere else over which your Speaker has no control. The Speaker is not in a position to force ministers to come into the House to make statements after the time for Statements by Ministers is passed.

The hon. member's request is irregular, to say the very least, if not out of order. Perhaps he could pursue the matter later after the speech in question rather than now.

**Mr. Solberg:** Mr. Speaker, if I might be permitted to put the question to the House I believe we could bring this matter to a conclusion.

**The Acting Speaker (Mr. Milliken):** I would be happy to put the question to the House if it were a minister asking for consent. If we revert to Statements by Ministers and a minister does not wish to make a statement, we have reverted for no purpose. The hon. member is not in a strong position to request reversion to Statements by Ministers when he is not a minister of the crown. I do not propose to put the question to the House unless I get a request from a minister. It is only common sense that be the case.

**Mr. Solberg:** Mr. Speaker, I rise on the same point of order. Perhaps the request really should come from the people of Canada who are being denied the chance to hear from the Prime Minister on the state of the nation.

**The Acting Speaker (Mr. Milliken):** The hon. member knows that the people of Canada had the right, if the Prime Minister had chosen to come here this morning on Statements by Ministers to



make a statement, to hear whatever he had to say. It is not for the House, particularly the member or any member who is not a minister, at this stage to stand and request to revert to Statements by Ministers to have a minister who is not asking to make a statement then stand and make a statement. It is a voluntary time of the day and I think we can dispose of that matter now.

• (1130)

[*Translation*]

**Mr. Ted McWhinney (Parliamentary Secretary to Minister of Fisheries and Oceans, Lib.):** Mr. Speaker, I would like to ask the hon. member a question. He may recall that I was the special constitutional adviser to the Premier of Quebec when the decision was being made to construct the new Saint-Scholastique—Mirabel airport. I would like to ask him a question on his comments concerning the Mirabel affair.

Does he have any concrete recommendations to make on the substantive elements of this matter, or on the transfer of all international flights to Dorval and the closure of Mirabel to all but vacation charters and cargo flights? Does he want international flights kept at Mirabel, and does he therefore want two international airports for Montreal?

It is commonly felt that the commercial decline of Montreal is the result of the development of Mirabel and the lack of attraction for international air carriers to direct their flights there.

**Mr. Crête:** Mr. Speaker, the hon. member referred to the job he had when the airport was established at Mirabel. You know that, in Quebec, the memory of the airport's creation is rather sad, not because it was not a good idea to set up an airport, but rather because of the way it was done—by expropriating the people living in the area.

This period has caused those now between 40 and 50 in the sovereignist movement to say there is one government too many in Canada. This is a flagrant example of the situation.

Do we have a position on this? We have had one for a number of months, and it is to tell the federal government that here is an organization deciding to transfer Mirabel flights to Dorval without public hearings on the matter and without the government taking any responsibility as tenant in the contract between itself and Aéroports de Montreal.

We made these two positions known several months ago. We ended up as the Bloc feared. We said that, if no public hearings were held, the government would end up in a terrible legal mess. We may even be just at the start of the legal mess. In the decision before us the judge cites the same arguments as the Bloc, that is, that public hearings should have been held and that the federal government should assume its responsibilities as the tenant of the Mirabel facilities.

### *Supply*

Our position is that, from the outset, before the need for transferring flights from Mirabel to Dorval was even considered, before any decision was made in this matter, given the major economic consequences involved, there should have been public hearings. That is what the judge said. He also said that, under the current lease between the government and Aéroports de Montréal, the government has responsibilities. Just yesterday, in spite of the court ruling and perhaps because he did not have the time to take a close enough look at it, the minister maintained that the federal government had no responsibility in the matter.

If he keeps stubbornly maintaining this position and taking a shortsighted view to managing, the minister will hamper the overall development of the greater Montreal area, including the Mirabel area. The people of Mirabel can rejoice over the yesterday's ruling, because it allows them to keep their airport longer. Choices have to be made, and I think they were justified in reacting the way they did, but on the whole of the issue, we are faced with a situation where the decision may well be deferred.

We know how important it is these days to be able to speed up the decision making process. Looking at all this, sometimes I get the feeling that this is somewhat machiavellian on the part of the federal government. By not taking its responsibilities, it puts Quebec at a competitive disadvantage, compared to Toronto. Is this a deliberate choice made by the federal government? These are some of the issues that would be raised if public hearings were held.

• (1135)

In any case, as long as the federal government does not indicate its intention to follow up on the ruling handed down by Mr. Justice Viau, we have no idea of what it will do, but we are certainly anxious to find out.

Will the government accept the ruling? How will it deal with this crisis? As things stand, everyone in Quebec is a loser: the people in Mirabel, Dorval and Montreal, the region's economic stakeholders, and those in the tourism industry. All these people are victims of the inertia of the federal government, which, like Pontius Pilate, simply washed its hands of the matter, and now we have to live with the consequences. It is imperative that the federal government react quickly and take its responsibilities, so we can get out of this mess, which is the worst possible situation.

**Mr. Bernard Deshaies (Abitibi, BQ):** Mr. Speaker, I would like to ask my colleague, who spoke about the federal government's many failings with respect to transportation policy, to talk about something he perhaps forgot, but since my colleague represents a region, I would like him to talk about the federal government's uniform policy of requiring regions to prove that they have a large enough clientele to support their airport, to maintain railway lines, when, in the regions, the means of transportation are related to regional development. So, if we do not have a uniform Canada—

*Supply*

because Canada is not uniform; there is an urban Canada and a regional Canada—the government's transportation policy should reflect this situation and provide the regions with the means to develop.

**Mr. Crête:** Mr. Speaker, I know that many Quebec municipalities are now trying to obtain the facilities they need to take over their airports, and the Bloc Québécois supports them.

Take, for example, the creation of Nav Canada, the agency responsible for managing air traffic control. We tried, by proposing several amendments to the bill, to put the onus on the government to ensure that the facilities in these airports will allow them to be competitive, and that the decision will not be made only on the basis of the market. These amendments were systematically rejected by the federal government.

So the member is right to worry about this, and I think that people in the regions concerned must be very sensitive to these positions, continue their representations, get in touch with members of Nav Canada's boards of directors at the federal level, keep an ear out and call on their MPs so that they will speak out publicly about what is unacceptable, because airports are in fact one of the major tools of development. All transportation infrastructures are important, including airports. It is essential that our regions have the tools they need for development, particularly in a country as vast as ours.

All this is based on the assumption that the government is committed to developing Canada's regions, something we have never heard it say. For now, the government has simply said it will move people to where the jobs are. This creates major economic problem, forcing families that have been settled in regions for many years to make very difficult choices, when there is no future for these choices, for this approach.

If we hope to see detailed and concrete action concerning regional airports, there will have to be a commitment from the federal government to ensure the development of these regions. We have never been able to get a clear indication from the government in this regard.

[*English*]

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I want to assure and remind the member and his constituents who are watching today that the Mirabel and Dorval airports were transferred to the ADM. The reason they were transferred to the ADM was to respond to those local initiatives and to ensure that each one of those airports is managed and developed in terms of the local needs.

It was the ADM that came forward and said: "In the best interests of the Mirabel-Dorval-Montreal area, this is the proposal

we feel will best meet the needs of the public who are using the airlines, the airlines themselves and the division".

I just wanted to assure the hon. member that Transport Canada is doing a thorough examination of the court decision that was just rendered yesterday.

• (1140)

[*Translation*]

**Mr. Crête:** Mr. Speaker, I shall be brief. I would just like to remind the hon. member that representations have been made to the transport committee. Some months ago, I wrote to the chairman of the transport committee and to the transport minister to state that public hearings must be held on the matter of the Montreal airports, Dorval and Mirabel. The parliamentary committee must hear the stakeholders. No positive response has ever been forthcoming. The legal mess we are stuck with now is the government's responsibility, 150 per cent. Now there is a problem, and the economic development of Montreal is at risk because the federal government has not assumed its responsibilities in this matter.

[*English*]

**Mr. Mike Scott (Skeena, Ref.):** Mr. Speaker, I will be sharing my time with my colleague from Kindersley—Lloydminster.

In listening to the interventions thus far today, I am struck by the fact that we have a very clear example of the political debate that is taking place in Canada today. I think it is the debate that the upcoming election should largely be fought on, which is the competing visions of the political parties in Canada for what government should be in Canadians' daily lives.

One of the best descriptions I have seen of this, although it involves an American writer and a description of the American political system, is by P. J. O'Rourke. He observed once in trying to encapsulate the difference between the Democrats and the Republicans, that the Democrats were the party that said government can make you straighter, smarter and taller and take the chickweed out of your lawn, and the Republicans were the party that argued that government does not work and they keep on getting elected and they keep on proving it.

The argument is: How big should government be? What can government do and what can people do for themselves?

It strikes me that the Liberals are captivated by a vision, a vision which American writer Thomas Sowell describes as the vision of the anointed. Convinced of their own moral superiority, they insulate themselves from the lessons of history. They insulate themselves from reality and they go on with program after program, expenditure initiative after expenditure initiative. They never seek to determine the results of these expenditures. They never seek to determine the results of the policies that they have put in place.

The result is we now have a \$600 billion debt in this country. We are in jeopardy of being able to deliver the social services that Canadians want and need the most, those being health and education primarily, and old age security. We are in jeopardy of being able to deliver these services because the federal government has been following this vast array of public spending programs over the last few years.

The vision the Liberals have is based primarily on the premise that government is good, that big government is better and if only well intentioned, well meaning and intelligent people could get their hands on the levers of power—of course they mean themselves when they say this—that everything would be just fine. They can devise a program and a government policy to solve all the problems Canadians have. They are the anointed, they are the ones that have the vision of how this can be done and if only they could get into power and stay in power they could solve all of Canada's problems for Canadians.

I think it was "This Hour Has 22 Minutes" that reminded all of us over the Christmas break there was no session here for 51 days and guess what? The country just went running right along as usual.

The Tories and the NDP, while they are different political parties, represent substantially the same vision. They share largely the same ideas although in a different form as the Liberals do. Of course the Liberals more than being anointed with this vision have also come to believe—I guess history is on their side to some extent—that they are the natural governing party of Canada. The Liberals believe that they have every right and indeed a responsibility to be here for Canadians and to keep on governing the country.

• (1145)

The problem they have with the Pearson airport deal is not that there may be a \$600 million expenditure coming out of the wallets of taxpayers. The fact is that the Liberals have objected strenuously to the deal because they did not negotiate the deal with their friends.

If the hon. member for Hamilton West who earlier talked about the \$600 million expenditure was so concerned about political parties rewarding their friends and insiders, why does he not stand on his feet and object to the \$1.2 billion, or twice the amount of money he is talking about, the government has given to Bombardier over the last 15 years? How can he talk about what the Conservative Party has done without recognizing what his party has done?

I invite the member to read "Above the Law", a book about Rod Stamler. I invite the member to acquaint himself with the history of dredging contracts on the St. Lawrence seaway when his party was

### *Supply*

in power. I invite him to look at the history of how concession contracts were handed out at airports across Canada. I invite him to look at his own party and at the way contracts were handed out for the last 35 or 40 years when the Liberals were in power.

This is hypocrisy. He cannot be against what the Conservatives did without looking at what his party has done.

Do we agree that what the Conservatives did was right? No. I cannot agree that the dying days of a Parliament, the dying days of an administration, is an appropriate time for a government to enter into negotiations of the magnitude of the Pearson airport deal.

There is a longstanding tradition in the country that successive governments honour the agreements put in place by preceding governments. If they choose because they believe it is in the public interest to abrogate the agreements, they ought never to pass legislation preventing those who either were or believed they were harmed as a result of the action from going to court to seek proper retribution through the court system. That is exactly what the government tried to do. That is exactly what was on its mind.

If someone does something which is harmful one has every right as a Canadian citizen to seek redress through the courts. It is arrogance in the extreme for any government to attempt to pass legislation which would prevent people from going to court to seek a judicial solution to the problems they face.

It is not for politicians to determine the harm suffered as a result of the abrogation of that contract. It is for the courts to decide. If the government has acted appropriately I am sure the courts will take that into consideration.

VIA Rail is another example of the Liberal government's vision of the anointed, its vision that VIA Rail should be the one to run passenger rail service in Canada. This is an example of a private company which actually bought the assets from the federal government going into business, running a railway and doing very well at it. The federal government is now saying: "Maybe we are missing something. Maybe we should get back into this business". The government wants to use taxpayers' money to compete with the people who are successfully running a business.

This business is paying taxes because it is successful. All the people employed by the business are paying taxes. Their tax dollars will be used to subsidize the federal government getting into competition with them. I ask Canadians if that is fair. Is that reasonable? Is that just? I think not. It is a manifestation of the vision of the anointed.

The Prince Rupert grain terminals are important to the people of Prince Rupert in my riding. It is very much a transportation issue precipitated by the actions of this and other governments.

*Supply*

• (1150)

The port of Prince Rupert has a very modern grain terminal, one of the most modern and efficient grain terminals in the world. If a ship comes in to pick up grain in Vancouver it may have to be berthed two, three or even four times to take on its full load. If it comes into Prince Rupert it has to be berthed only once. There is a cost associated with berthing, every time a ship has to be moved in a harbour.

Prince Rupert is about 400 miles closer to most Pacific rim markets than to the port of Vancouver. It therefore represents an efficiency in terms of getting grain to market. Prince Rupert has one of the fastest turnaround times for grain cars of any grain terminal in Canada.

Because of the way the movement of grain is structured in the country and because of government intervention over a long period of time, the port of Prince Rupert cannot take advantage of the efficiencies it offers to shippers.

The Canadian Wheat Board, for example, does not sell grain f.o.b. the country where it is to be delivered. It sells grain f.o.b. port. There is no incentive for shippers to turn grain cars around quickly because there is no financial penalty or incentive attached to the use of grain cars.

This is an example of how government intervention at this point is preventing the port of Prince Rupert from realizing its potential.

I will close by saying that I really hope the next election is fought on the issues. I really hope we as politicians can take our competing visions before the Canadian people and let them make a decision. Should it be big government or small government? Is it better for them to make decisions on how their money is spent, or is it better to have the money sent to Ottawa to allow Ottawa to determine how the money is best spent?

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, the hon. member and his party are creating, in my humble opinion, unnecessary debate. The hon. member speaks highly political discourse that is quite frankly lacking in fact.

We are dealing with the transportation sector. The member speaks of spending, smaller government and government initiative. I remind the hon. member that this government inherited a \$42 billion deficit in 1993. This government took that \$42 billion deficit and in three years time turned it into a \$19 billion deficit.

How was that accomplished? This government did it department by department, minister by minister. This government is talking about the issue of the day, the Department of Transport. In transportation the Minister of Transport and the Department of Transport have made an enormous contribution to that bottom line.

The member talks about smaller government. We have moved from 43 cabinet ministers in 1992 in the Mulroney era, down to 22 cabinet ministers. We reduced the deficit.

Because of the policies of the Department of Transport and the two ministers of transport, we have been able to privatize CN Rail and put it on a level play field with the CP rail systems. We have been able to take the air navigation system and put into not for profit hands called Nav Canada. That is a saving in those two areas, CN and Nav Canada, of billions of dollars for the Canadian taxpayer. We acknowledge that reductions in government and reductions in subsidy have to occur, but it is a step by step process.

• (1155)

**Mr. Calder:** It is a fair process.

**Mr. Keyes:** The hon. member for Wellington—Grey—Dufferin—Simcoe has put it exactly right. It is a fair system. It is a responsible way to reduce the deficit, to remove the burden on the taxpayer's back and put it on entities like CN or Nav Canada. This government is doing what it can in a fair and responsible way.

Would the hon. member acknowledge we can do it the way Mike Harris, the premier of Ontario, has? We could use the Conservative slash, gash and gouge method of reducing the deficit, putting hospital care up against the wall, and putting education at risk in the province of Ontario. I wish he would acknowledge that we are reducing the deficit in a responsible, fair and progressive manner. Could he acknowledge that?

**Mr. Scott (Skeena):** Mr. Speaker, I was a little amused to hear the questions and comments of my friend across the way.

First, the reduction in the deficit achieved by the government has been achieved largely on the backs of taxpayers by increasing revenues and furthermore by downloading on the provinces and municipalities across the country. That is how these people across the way balance their books. They do not cut their own spending.

Let me give an example. These people over there are totally enraptured by this vision of big government. If Bombardier wanted my money it could come and knock on my door. It could send me a solicitation in the mail. It could say: "Please, Mr. Scott, send a cheque, give us a donation, lend us some money because we want to expand our production facilities in Canada". The House probably has a pretty good idea what I would tell Bombardier if it asked me for money.

The hon. member may think it is funny, but these people do not need to ask me. They come to Ottawa and they get permission to steal my money. That is exactly what is going on. This is taxpayers' money that should be held in trust for the benefit of the taxpayers of Canada. It is siphoned off and given to the cronies, the friends and the insiders of this government. That is what is wrong with the

*Supply*

vision of the anointed. It leads to cronyism. It leads to insider manipulation of the system. It leads to abuse.

The Reform Party of Canada stands four square against this kind of action. It stands four square in favour of smaller government, a government focused in the areas where it can be effective, and of getting out of areas like trying to open up a new rail service to compete against private enterprise in British Columbia.

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, it is a privilege to speak to the Reform supply day motion which condemns the government for, among other things, costly inefficiencies in the grain transportation system.

I heard the parliamentary secretary to the minister of agriculture say that the motion was laughable. The Liberal response to it was to laugh. Farmers across the prairies are not laughing about the situation they are in. They are certainly not laughing about the transportation mess affecting the prairies in moving their grain to port position. They are certainly not laughing at Reform's motion in the House on their behalf. They are appalled at Liberal arrogance and lack of action.

They should not be surprised. The Liberals have failed to deliver on three-quarters of their promises related to agriculture, about which I have spoken in the House on past occasions.

I will explain the situation to the House because a lot of members in this part of the country may not realize how serious it is. Currently there are 46 ships—that is a lot of grain boats—waiting in English Bay. An article in the *Western Producer* this week compares English Bay to the world's largest parking lot for boats. There are 46 of them sitting there waiting to take on grain cargo. Demurrage is being paid at approximately \$10,000 a day per ship. It means farmers are paying close to half a million dollars a day because of the inefficiencies in our grain transportation system.

• (1200)

Lorne Hehn, the chief commissioner of the Canadian Wheat Board estimates that farmers are out \$65 million so far because their grain cannot get to west coast ports. He mentioned that number some days ago. I am sure the number is increasing and I would not be surprised if the next estimate is closer to \$100 million.

West coast shipments are at their lowest level in a decade. World trade is increasing. We are approaching the next millennium and the transportation of grain is the lowest it has been in 10 years. This is unprecedented, it is unacceptable, it is indefensible and it is unforgivable. One of the results is that Japan's food agency has stated publicly that it is closely watching the situation. Clearly our reputation is at stake.

Farmers are very upset. I have received a letter from southern Manitoba which says that Canadian Pacific Railway officials have advised grain elevator operators along the southern line—Winnipeg, Borden, Deloraine—there will be no more trains until spring. As far as can be determined, they are blaming the snow. With the snow removal equipment available today, that is a lot of hogwash. All farmers along the line will now be second class citizens.

I called my own delivery point in Saskatchewan. There has not been a train for three weeks as of tomorrow and they do not expect another train to come into that delivery point for another three weeks. Usually if they say three weeks, it ends up to be five or six or seven or eight weeks. Basically they are saying: "No more movement of grain in that area until the spring".

This is not academic for thousands of Canadians. This is their livelihood. This is what puts groceries on the table. This is what makes mortgage payments. This is serious stuff we are talking about.

The Liberal member says that this motion is laughable. I am appalled at the arrogance of the Liberals who would suggest that our concern about a major industry which is suffering because of transportation inefficiencies, is a laughable motion. This is chronic. It keeps occurring. One year it is a labour shortage. Another year it is a shortage of hopper cars. This year it is weather related and lack of locomotive power.

There is never any accountability. All we have is finger pointing. The person who is the least responsible for the mess of course, is the farmer. If the farmers fail to deliver their grain or fail to meet their contracts, the farmer should pay the demurrage on the ships waiting in English Bay.

The farmers are crying to get their product moved to export positions. They are happy to move their product. They are happy to abide by the contracts they have signed, unlike the Liberal government, as we have heard earlier. As a result, farmers are losing millions and millions of dollars in lost sales and demurrage. They were counting on having this as income to prepare for the upcoming season.

Our system is full of costly inefficiencies. They suppress any incentive for companies to make new infrastructure investments such as new terminals or elevators. There are not proper incentives or penalties to our rail system to move grain efficiently and quickly to the port position. This affects our ability to compete with our largest trading partners in the United States and drives business out of Canada.

The Liberals have failed to create an efficient and responsive grain transportation system that responds to the needs of farmers. We have terrible rail service. We have awkward, antiquated terminal facilities.

*Supply*

Many of the boats have to berth several times to take on one shipment of cargo because our terminals, particularly at Vancouver, are not designed to load one ship at one time with the amount of grain that it is prepared to take on. We have the wrong grain at the wrong place at the wrong time.

What did the Liberal government do? It killed the Crow. As I mentioned at the time, that was easy to do. All someone has to do is remove the money from the budget. The Liberals did that but it was irresponsible to take away the Crow and not take away the transportation inefficiencies at the same time. The Liberal government had a chance to do that and it blew it. How did the Liberals have a chance? Initially they introduced Bill C-101 which became Bill C-14, with changes to the Canadian Transportation Act. Just about every representation we had from the prairies said that this bill would not improve the transportation system. It did not fix the inefficiencies and the costly mode of transportation we have in western Canada to move grain to port.

• (1205)

They implemented the CAPG, the Car Allocation Policy Group. It is really not much change from what we had before. They were not able to fix the problem before and the Liberal government certainly did not provide the tools and put the machinery in place to properly allocate cars to move grain efficiently.

We talked about final offer arbitration labour legislation many times and the Liberal government rejected the suggestion. Therefore, it is not for lack of constructive alternatives to the existing transportation system and it is not for lack of suggestions on how to improve the grain transportation system. It is a lack of willingness on the part of this Liberal government to effectively do something to fix the problem. All it has done to this point is offload the total cost on to the producer.

We understand the minister is holding meetings in Calgary later today. He is successful at arranging meetings. He has been arranging meetings ever since he became the minister of agriculture. He has round tables here and discussions there, but he does not do anything. I think I got his dandruff up a little bit the other day. I called him a third rate lawyer. We are very frustrated on the prairies because he is not doing anything but talking. He is not taking any action and not showing effective leadership.

In fact, on "Newsworld" this morning he said: "Let's not blame anybody. Let's talk about this but let's not blame anybody". I know why the minister did not want to blame anybody. It is because most of the blame falls on his shoulders and on the shoulders of his government. He did not want to have to point the finger at himself. That is irresponsible and shows a lack of leadership.

Farmers across the prairies are appalled that the government has been in place for three years and has refused to take responsible action to improve one of the worst grain transportation systems in the modern world.

It is not that the minister cannot act quickly, if he has the will. When there was a loophole in the grain marketing legislation regarding customs and moving grain across the border, within minutes he changed that through an order in council. The speed was astonishing. He must have had the bureaucrats turning cartwheels to accomplish it so quickly. Actually I think he had it prepared ahead of time. He thought he was going to lose the court case so he had all of his cards lined up and, bang, just like that, he had made the changes.

When it comes to making changes in the regulations to the Canadian Wheat Board, changes to the transportation system, changes to car allocation, the sale of the hopper cars which has gone nowhere, to allowing and defending our producers who want to sell their products into the United States—he allowed the Americans to put a quota on durum sales—the minister has done nothing positive or constructive. The chickens are coming home to roost. He is to blame but he refuses to accept that blame. That is irresponsible and unbecoming a Canadian minister of agriculture.

There should be incentives and penalties in the transportation system. If somebody does a good job there should be rewards. They should make a profit in doing what they are doing. However, if they fall short and if the railways do not have enough—

**The Deputy Speaker:** The hon. member's time has expired.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, the hon. member speaks of this government and, in particular, the hon. minister of agriculture, as if to say that it is all the minister of agriculture's fault that this thing is coming down.

Again the Reform Party focuses on rhetoric instead of the facts. The fact is that CN and CP are now private corporations. The fact is that winter has been very severe in western Canada and has affected the rails. He ignores those facts.

To quote the hon. minister of agriculture: "The government is interested in solutions". The member for the Reform Party has the opportunity to give us some ideas on how we can make this situation better.

• (1210)

He comes from the west. He knows how important it is to them. Instead he gets into political rancour and debate. We need solutions today. That is what the minister of agriculture is looking for. He is out there. He has been speaking directly with the players in the industry, in grain shipping and the rail sector.

*Supply*

He is trying to co-ordinate the three areas so a solution can be reached, not to lay blame, not to find out who was right or who was wrong or who was insufficient and who was careless. That does not accomplish anything. Let us get on with the solutions.

Could he stand today and give us some ideas on solutions to try to solve this problem, not the usual political rhetoric.

**Mr. Hermanson:** Mr. Speaker, I do not think the member was in the House listening when I gave my speech. I did mention some constructive alternatives that Reform had presented—

**Mr. Keyes:** Point of order.

**The Deputy Speaker:** The hon. parliamentary secretary on a point of order. This will not come out of the hon. member's time in reply.

**Mr. Keyes:** Mr. Speaker, I was a little disappointed that the Speaker did not rise on that intervention only because the hon. member pointed out I was not in the House at the time of his remarks. I was behind this curtain communicating with my colleagues. There are television sets back there. I am well aware of every remark this hon. member made.

**Mr. Hermanson:** Mr. Speaker, if the hon. member was listening, he would have known what I said. His response made it seem as if he was not in the House. I did not say he was not in the House. This shows how sensitive he is on this issue.

If he were listening, wherever he was, whether he was in his chair or hiding behind the curtain, the suggestions Reform has made have been very articulate—

**An hon. member:** Point of order.

**The Deputy Speaker:** This again will not come out of the hon. member's time in reply. The hon. parliamentary secretary, I hope it is not on the same point of order.

**Mr. Keyes:** No, Mr. Speaker. The hon. member said that I was hiding behind the curtain. I want to correct the record. I was not hiding behind a curtain.

**Mr. Hermanson:** While the hon. member was standing in plain view behind the curtain, I was making some clear comments about Reform's constructive alternatives to the transportation mess.

I suggest to the member that he knows, because he sits on the transportation committee, that CN and CP are regulated by federal legislation. He is saying that government has no control over private companies but he knows that is wrong. He knows it is incorrect because recently Bill C-14 that his government introduced was passed which made changes to the transportation system.

There were suggestions for amendments. Prairie pools came forward with suggested amendments. The Western Grain Elevator

Association came forward with amendments. Every grain company and farm group suggested the legislation would not solve the transportation problems. Reform pointed out that there was no reward for efficiencies in that legislation, and no penalties for inefficiencies. The Liberals turned a deaf ear to those suggestions.

We came forward with specific changes to labour legislation that would provide for final offer arbitration to settle disputes that affect grain handling at west coast ports. That was an inquiry they set up. We presented a brief to that committee with specific recommendations. He has not even read it. He does not know we have made those recommendations.

We have suggested marketing alternatives, other ways of marketing prairie grain, besides single desk selling through the Canadian Wheat Board, that would improve prairie marketing of grain on the west coast, give farmers new opportunities to move their grain and initiate more competition in our grain handling system.

We have made those recommendations and they have fallen on deaf ears. The member has not even heard what we have been saying. He has a lot of nerve to get up in this House and say that we have not come forward with constructive alternatives. He is wrong and I wish he would apologize and admit that he has not been listening.

**Hon. Ralph E. Goodale (Minister of Agriculture and Agri-Food, Lib.):** Mr. Speaker, I am pleased to have an opportunity to take part in this discussion. Although I must say after listening over the last number of moments to the member for Kindersley—Lloydminster that once again we have been subjected to that Reform Party diatribe which is typically negative, typically partisan and typically superficial.

In my few minutes I will focus mostly on that element in the opposition motion that refers to grain transportation. Before doing that I would like to mention briefly the issue of highways and roads which is also mentioned in this motion. I will do so in the specific context of my own province of Saskatchewan.

● (1215)

By way of introduction it must be noted and underscored that the sponsors of this motion in the Reform Party are absolute masters of inconsistency. They are on all sides of every issue all the time. They are going to do themselves some very serious physical harm if they continue to try to engage in those kinds of gymnastics.

On the one hand they want to bring the federal deficit down to zero overnight. On the other hand whenever they hear or perceive a squeaky wheel that might be of partisan advantage to them, they want to spend more.

On the one hand they demand complete provincial autonomy in areas of exclusive provincial jurisdiction under our Constitution. On the other hand they want the federal government to get more

*Supply*

involved in things like roads and highways which are entirely a provincial responsibility.

On the one hand they want more deregulation in the field of transportation, less government involvement. On the other hand they want direct government action to sort things out when the magic wand of the private sector fails to deliver the desired results.

In typically inconsistent Reform Party fashion, its members fling themselves upon their horse and ride off madly in all directions at once. To a certain extent this explains the rather severe credibility problem which so afflicts the Reform Party in western Canada these days. They want to be on all sides of all the issues all the time and as a result they are just not believable.

Let me turn now to the point about Saskatchewan's roads and highways. The legal and constitutional responsibility here is very clear. This is an area of exclusive provincial jurisdiction.

It is equally clear in Saskatchewan that no provincial government in the past 25 years, not the Blakeney government, not the Devine government, not the Romanow government, none of them has paid any serious attention to the province's road system. Year after year they have quite literally run it into the ground. One has to stretch back to the Liberal administration of Ross Thatcher in the 1960s to find a Saskatchewan government that put a priority upon transportation. It is no wonder that the province's roads and highways are in bad condition today.

Recently there has been a little bit of improvement but let us trace the source of that improvement. Where did it come from? We have seen for example rehabilitation and upgrading work undertaken on highways numbers 1, 7, 11, 16 and 39 in Saskatchewan.

How was that work done? Through the strategic highway improvement program of the Government of Canada. For Saskatchewan this involves a federal investment of \$35 million over a five-year period. The province is supposed to match these federal dollars for a total of \$70 million invested between 1993 and 1998. Without federal incentives, this work would not get done. Reform Party members either ignore this fact or they just have not done their homework.

Further, there is the Canada infrastructure works program which we introduced in 1994. In Saskatchewan we set aside \$10 million for municipalities for rural roads. The municipalities themselves contributed a further \$20 million for a total of \$30 million altogether. As a result miles and miles of this vital rural infrastructure have been built or rebuilt across the length and breadth of Saskatchewan in the last couple of years. The province incidentally contributed nothing to this aspect of the Canada infrastructure works program. It was entirely a co-operative venture between the Government of Canada and the municipalities.

Most recently in our province we have established the Canada agri infrastructure program as part of the adjustment funding after the termination of subsidized freight rates. Saskatchewan's share of this prairie-wide program is approximately \$85 million. Twenty million dollars was invested in 1996. Twenty-one million dollars is being invested in 1997. A further \$44 million is coming over the next two years. It is all going into Saskatchewan's roads and highways and it is 100 per cent from the Government of Canada. The Reform Party again either does not know about it or simply chooses to ignore the facts.

● (1220 )

Let me now turn to grain. Over the past three years we have moved on several fronts to deal with some of the historic inefficiencies in the Canadian grain handling and transportation system. For example we have eliminated that old Thunder Bay scenic route grain back haul situation which for many years actually subsidized the movement of prairie grain several hundred miles in the wrong direction. That anomaly is now gone.

We have provided for the orderly discontinuance of some extremely high cost and low volume railway branchlines. That is a controversial subject on the prairies, but detailed analysis has shown that even after taking trucking costs and elevation costs into account, the system overall is cheaper for all of those concerned if those particular lines are terminated.

We have encouraged the conversion of certain appropriate branchlines to shortline rail operations which can in fact function more efficiently than if they were to remain a part of the more expensive mainline system.

We have provided in legislation for the equitable sharing of cost savings in our grain transportation system among the railways, the grain companies and the farmers. As greater efficiencies are achieved, as costs are actually saved, then the benefit accrues to all of the parties and not just to the bottom lines of the railways. The farmers and grain companies will also participate in those earned benefits.

We have in fact, quite in contrast to the extreme rhetoric of the Reform Party, introduced legislation to help avoid work stoppages in port operations to keep grain moving, even while labour management disputes are being negotiated.

I am pleased to tell the House that I have received dozens and dozens of letters from farmers and farm organizations across western Canada applauding this very forward looking legislation introduced by my colleague, the Minister of Labour, in his amendments to part I of the Canada Labour Code. I certainly hope that members of all parties in the House will support those amendments when they come forward for debate in the days immediately ahead because farmers are supportive of what is in the package.



*Supply*

We have fostered the creation of a grain car allocation policy group representing the grain companies, the railways, the Canadian Wheat Board and farmers, to set policy principles for how railway rolling stock is to be distributed in the service of grain across western Canada. In fact, again in contrast to the inflated rhetoric of the Reform Party, the CAPG has been functioning quite well over the course of the last number of months. The parties who are participating in the car allocation policy group believe it is performing the function it was intended to do.

All of these measures will help to improve overall efficiency and avoid unnecessary costs in our grain handling and transportation system. But still, serious problems can and do occur.

The last time we confronted a major backlog in the grain transportation system was following the winter of 1993-94. By early spring the congestion was serious. There were many reasons behind the problem that occurred at that time. There was in the fall of 1993 a very complex harvest on the prairies. It had generated a heavy and complicated mixture of different grain volumes and different crop volumes that had to be shipped in what turned out to be a very complex logistical situation.

Rolling stock at that time was in particular short supply. Hopper cars that we would usually lease from the United States were unavailable for the Canadian market due to local demands that existed south of the border. There were weather disruptions. There were labour disruptions. There was a general lack of co-ordination in a lot of places throughout the grain handling and transportation system in the winter of 1993-94 and the spring of 1994.

• (1225)

To come to grips with the problem, being interested in solutions, not just rhetoric but solutions, we summoned all of the players together on May 16, 1994: the railways, the grain companies, the Canadian Wheat Board, the Canadian Grain Commission, the port operators, the unions, farm organizations and others. We came together to find better ways of getting the grain moving again. In fact after that conversation in a serious and conscientious way with everyone really putting their shoulder to the wheel to find answers, within three weeks the whole system had visibly and tangibly improved. By the end of that particular shipping season we had more than caught up. We were actually ahead of the game.

For two years after that meeting on May 16, 1994, the flow of grain through the system moved pretty smoothly, until we got into the winter of 1996-97. Once again we are confronted with a serious problem. The source of that difficulty this time appears to be twofold and it is somewhat different from the problem that we faced in 1994.

It is clear that we have been facing one of the most severe winter weather seasons in a long time, certainly in more than a decade. As it turns out the snowfall in certain parts of the Rockies where the grain must be moved has been heavier than has ever been recorded before in history. Everyone knows the kind of temperature conditions we have been dealing with in western Canada over the course of the last two to three months. We have faced and the railways have faced some extraordinary weather circumstances.

As I have said on other occasions both in this House and outside, one has to anticipate that we could have severe weather in Canada in the winter. We could anticipate heavy snow and low temperatures during the month of January but we do have to acknowledge that this January was a particularly tough one. Nevertheless that is not an adequate explanation of the situation.

There is another complicating factor. That appears to be the lack of locomotive power in the system, particularly at a time when the weather conditions, the low temperatures, reduce the efficiency of railway locomotives and it requires more locomotives than would normally be the case to move the same volume of grain at higher temperatures.

Accordingly we have difficulties in the system. Rather than getting into the purple rhetoric that seems to fascinate the Reform Party, once again what I have tried to do is to call together the key players to get to the root of what is wrong. Tonight in Calgary I will be meeting with the Canadian Wheat Board, the Canadian Grain Commission, the grain companies, the railways, the car allocation policy group and other players who have a particular responsibility and a logistical responsibility for making the grain handling and transportation system in this country work.

When I meet with those leaders of the grain industry tonight in Calgary, I will first of all thank them for making themselves available on relatively short notice for the discussion of a very serious topic. I will remind them that the topic is indeed serious. I will tell them that I am approaching this discussion with a deep sense of fiduciary responsibility, a sense of responsibility which I hope that they all will share, to those who for the most part will not be in that room tonight but have in fact the biggest personal and financial stake in what we will be talking about. Of course I am referring to the grain producers of western Canada and their customers around the world.

For the most part the backlog in grain movement this winter is a temporary business problem to be overcome in the due course of doing business. Grain companies will ultimately collect their handling fees as the product moves through their facilities sooner or later. Railways will ultimately collect their freight rates. Politicians, officials and others will continue to collect their salaries.

For the farmers, it is not that simple. They are at the end of the line when it comes to picking up the tab. Handling fees get paid off

*Supply*

the top. Freight rates get paid off the top. All the other market costs get paid off the top. After everyone else has been paid off the top the farmer gets what is left at the bottom.

• (1230)

The toll gets heavier when ships are waiting, paying demurrage, and farmers pay more. The toll gets heavier when buyers cannot run the risk of further delays. When the Japanese start to look elsewhere for their supplies, the farmer pays again. It is not just this year. The bad reputation tends to linger for years to come. When I meet our customers in Tokyo next month they will not be easily reassured about the reliability of the Canadian grain transportation system.

Once again the toll gets heavier when potential sales get deferred into a falling market at some future date. The price later will be less, especially with the U.S. export enhancement program looming on the horizon again to distort world markets with artificial subsidization. Once again the farmer will pay more.

I know none of the remarks I will deliver tonight in Calgary will be news to any of the people in the room. They are after all the leaders of the western Canadian grains industry. I will tell them that as we grapple with the problem of what is wrong at the moment in our grain handling and transportation system we should all keep in mind who is truly being hurt by this situation, that is the farmer. We do not have any time to waste on excuses or finger pointing. We only have time for solutions.

I want the analysis of those people at the meeting tonight of exactly where we are now in comparison to where we ought to be at this point in the shipping season and in relation to where we need to be week by week and month by month for the rest of the crop year. In other words, we must define the nature and the magnitude of what needs to be accomplished in the days, weeks and months ahead.

Also we must define the steps that each one of us in the government, the private sector, the grain companies, the railways and so on need to take week by week and month by month to get the job done. In the interest of the farmers and in the interest of the public we need to emerge from the discussion tonight, and undoubtedly other discussions that will take place in the days ahead, with a workable game plan to deal with what is wrong and an absolute commitment to implement the plan without fail.

When the grains industry in the past has been challenged with critical situations it has typically been able to set aside some of its differences on other issues, focus on the problem at hand and come up with creative, productive successful solutions. I hope that kind of attitude will prevail this evening and that at the end of the day farmers will benefit from a better situation.

**Mr. Elwin Hermanson (Kindersley—Lloydminster, Ref.):** Mr. Speaker, I would like to comment extensively on the minister's remarks but I will only mention one comment and ask one question so that others can ask questions.

The minister referred to the infrastructure. While he praises infrastructure there are no permanent jobs in Saskatchewan as a result of the infrastructure program. On a per capita basis Saskatchewan is the largest loser of any province. A family of four falls about \$80 short of the medium benefit of the infrastructure program across Canada.

When we take the contribution of taxpayers to the infrastructure program into account, we recognize that Saskatchewan has transferred money out of the province to other parts of Canada. We have in fact exported jobs and potential rather than benefited from the program.

Most of what the minister said was rhetoric. For about two minutes the minister was hitting the nail right on the head when he talked about the lack of accountability in our system, that the grain companies would make their profits on handling the product, that the railways would make their profits from the freight rates they extract and that the politicians would get paid—he and I will get our paycheques—regardless of how well grain is moving to the west coast. That speaks of a lack of accountability in our transportation system for the inefficiencies that exist.

• (1235)

The most notable illustration of the inefficiencies right now are the 46 ships sitting in English Bay collecting demurrage, \$10,000 a ship every day. They are just sitting there. The numbers are getting higher. It was 30-some ships a week ago. Now it is 40-some ships. If we do not get this fixed soon it will go to over 50 ships and over half a million dollars a day in potential costs to prairie farmers. That is totally unacceptable.

In his speech the minister acknowledged that it was not the fault of farmers. How will he bring accountability to the transportation system? Who should be paying that demurrage? The railways have failed partly because of the taxation policies of his government and because they did not have the locomotives in place. Will they pay some of the demurrage? Will the grain companies that put the wrong grain in their terminals and plugged the system pay some of the demurrage? Will he wash his hands of this situation and say: "Let the farmers keep on paying like they have always paid. Those poor suckers, they have no choice. We will let them pay the shot. We will diddle and provide the rhetoric while they pay the bills?"

**Mr. Goodale:** Mr. Speaker, there were two distinct parts to the hon. gentleman's question. To start with he made some references about infrastructure.

I believe he knows the Canada infrastructure works program as presently devised, even without the recent extension that has been

discussed, would invest something in the order of \$58 million in Saskatchewan from federal funds. These dollars have been more than leveraged threefold. The amount of investment in total in the program in Saskatchewan if we include what the province, the municipalities and those in the private sector are investing is in excess of \$200 million.

The program has generated more than 3,000 jobs in Saskatchewan, some of which are of a permanent long term nature. Approximately 1,200 to 1,500 very valuable projects have been undertaken.

The hon. gentleman demeans the value of the program in Saskatchewan. I hope he has the courage to go on to the campus of the University of Regina to explain his criticism to the faculty, the staff and students of the University of Regina who are benefiting from a new fine arts and multi-purpose building on the campus due to the Canada infrastructure works program.

I hope he will explain to the people who will benefit from the new Lewvan overpass in Regina how he is opposed to that kind of important public infrastructure being built to improve the transportation situation around the city of Regina.

I hope he will go into Saskatoon to explain to the people there how he is opposed to the infrastructure that has made a major contribution to the development of our high tech research facilities at the University of Saskatchewan.

The hon. gentleman should know as he hollers from his seat in a typical fashion that a portion of the infrastructure program in Saskatchewan was used for schools and health care facilities under the formula devised by the Government of Canada, the Government of Saskatchewan and the municipalities.

This program has been a tremendous success in Saskatchewan. No matter how the Reform Party may bleat about it, it cannot undercut and defeat the value of that program in the eyes of the municipalities and many Saskatchewan citizens who have participated in it and benefited from it.

On the second aspect of the hon. gentleman's question, there are some provisions in the new Canada Transportation Act that go to the issue of accountability. It is important to note that there are now some incentives built into the system to encourage performance on time and according to specifications.

We need to have an important discussion sooner rather than later about the other kinds of performance standards and accountability guarantees that can be written into our system to ensure those who have obligations to perform pay the penalty that should logically occur when they do not perform up to the standards that should be expected of them.

### *Supply*

• (1240)

It is not fair in our system that others who are innocent of any failure to perform end up picking up the tab. The way the system has been structured historically, as I said in my remarks, the farmer tends to be at the end of the line and after everyone else has taken their cut the farmer gets what is left.

It is incumbent upon every player in the system further up the line to make sure that they are performing their responsibilities in the most efficient fashion so that the maximum amount possible is transferred into the hands of farmers and nothing is consumed by way of unnecessary costs that could have been avoided.

When a cost that could have been avoided is incurred in my judgment the person responsible for that cost should pay the bill.

[*Translation*]

**Mr. Jean-Guy Chrétien (Frontenac, BQ):** Mr. Speaker, in the aftermath of the repeal of the WGTA and the abolition of federal subsidy for eastern Canada, the government had earmarked \$77 million over a 10 year period to help the eastern regions to adapt to this, particularly eastern Quebec and the maritimes.

Rumours are circulating to the effect that this transitional fund might be used, not for personal use, but for a small group targeted very precisely by departmental employees, or perhaps by the Minister of Agriculture himself. Could the minister reassure me on this?

[*English*]

**Mr. Goodale:** Mr. Speaker, with the repeal of the Western Grain Transportation Act and the consequential elimination of the former Crow benefit we put in place a number of transitional measures. One of those was the western grain transition payments program which was a total of \$1.6 billion distributed to prairie farm land owners in recognition of the impact upon them of the elimination of the subsidy that had existed for the better part of 100 years in one form or another.

I am pleased to tell the hon. gentleman that the \$1.6 billion has now been distributed. The process is completed except for a final handful of cases where there are some legal issues to resolve about land ownership and so forth.

I am pleased to say that the payment process was reviewed, as it would normally be, by the auditor general. We got a favourable review indicating that the program had been conducted very well and handled according to the appropriate financial standards.

I can assure the hon. gentleman that in terms of the program we not only believe the right money went to the right place at the right time but the auditor general appears to agree with our assessment.

*Supply*

The second part of the compensation system is the western grain transportation adjustment fund which totals \$300 million. It will be invested over a period of two or three years. A portion of that—

**The Deputy Speaker:** The hon. member's time has expired.

**Mr. John Duncan (North Island—Powell River, Ref.):** Mr. Speaker, it is unfortunate the minister did not shorten his responses somewhat to allow more questions from the opposition parties.

It is a pleasure to debate today the Reform Party opposition motion condemning the government for its partisan approach to federal transportation policies. The government's handling of transportation issues is a litany of mismanagement, neglect, politicization and outright incompetence. From Pearson to Airbus to VIA to our national highway system, the government has brought new meaning to the word botched mostly at the expense of the taxpayer and in some cases at the expense of private sector transportation operators.

• (1245)

The government's record on transportation is devoid of vision. In the area of rail policy the government seems to feel that money can buy vision and decisiveness. The solutions of the sixties and seventies are not compatible with today's problems. No longer is there a bottomless pit of dollars to salvage and subsidize sinkholes like VIA Rail. So-called privateers like the Bombardiers that innovate as long as government dollars are there are not solutions but drains and no more so than in rail policy.

Let us take a closer look at VIA Rail. It is one of the biggest money losing, over-bureaucratized entities in Canadian transportation. What does the government do to improve the situation? It subsidizes VIA Rail to the tune of \$200 million per year and pays its executives six figure salaries to run it further into the ground.

There is only one solution to get VIA out of this morass. Without question, putting VIA into private hands would cut costs, revitalize the corporation and its people and allow it to return many passenger routes that have been abandoned or are in danger of being cut. It does not take any vision to keep cutting and make a few dollars, but in the case of VIA it takes a special touch to cut and still lose money.

If VIA were to be turned over to private entrepreneurs, marginal routes could once again be viable. Complacency and debt endure under the public ownership of VIA. It has exhibited no marketing strategy, business plan or scintilla of vision in its current operations.

In 1989 VIA Rail made one enlightened decision. It sold a passenger railroad it had abandoned to the Great Canadian Railtour Co. With this came the birth of the new service, the B.C.-Alberta Rocky Mountaineer Railroad. VIA could not make a go of it. In

fact, it lost millions and felt that the private sector would not make a dime either.

Here is an update. The Great Canadian Railtour Co. has made money and increased rail service on this line by an average of 30 per cent a year since the takeover. VIA Rail, never an organization to miss an opportunity to lose money, screw up or betray a deal, has decided that it wants to compete head to head with this passenger route now so competently run. VIA could not turn a dime for years, but the federal government, prepared to enable this pettiness, is about to let VIA in on the action.

How in the world can the Minister of Transport possibly justify allowing a crown corporation, subsidized by a weary taxpayer to the tune of \$600,000 per day, to compete against an unsubsidized, tax paying, private sector company? It is another example of irrational and unfair strategic thinking by the Minister of Transport and the brain trust at VIA.

I wonder what the projected loss is estimated at and how much the subsidy is going to be to prop up this bad decision. The minister will not admit the policy flaws of this type of decision and clings to the notion that throwing money at a problem will solve it. Once again he is confusing motion with progress.

Rocky Mountaineer had planned to increase its capacity this year to meet the demands on this exceptional service. I ask the minister: What private sector company in its right mind would ever want to do business with him and his government again if such an act of betrayal is perpetrated by these uninspired and visionless executives at VIA?

Here is some advice for the minister to get rail policy back on track. The government cannot simply abandon its financial stake in the transport industry without having the sense to recognize how much revision needs to be enacted to bring transport legislation into the 1990s. Present legislation harshly, though unofficially, penalizes the rail industry through the present tax structure. It behooves the government to rewrite rail policy, clear up the anomalies and set a strategy in place to allow investors to enter the arena with clear parameters. To encourage and support this new regime, the Reform Party suggests the following measures.

• (1250)

First, we would encourage through tax reforms and low interest loans the development of short line rail operators in regions of the country where major rail companies are no longer viable or willing to provide the amount of capital needed to recreate a viable rail transportation industry.

Second, we would negotiate the reform of the property and fuel tax structure for main and secondary rail operators to bring these costs into line with their U.S. counterparts.

Third, we would formally recognize through federal tax reform the environmental safety and infrastructure benefits provided by rail transport as opposed to modes such as long haul trucking.

Finally, in relation to the last point, we need a thorough and fair revision in the overall tax structure for the nation's trucking industry to bring it more fairly into line with the costs now being incurred by rail companies.

Currently the government gives with one hand and takes with the other. Since taking power in 1993 the government has done an inadequate job. It is mired without clear vision or policy direction. Governments should set guidelines and step out of the way. Right now no one is pleased with the situation and the rail industry is suffering as a consequence.

I would like to turn to the national highway system, another example of a policy full of potholes. The government's recently released report on highway revitalization fails to address any of the long term funding problems that threaten the safety and integrity of Canada's national highways. The flaws in this report fall into three categories: dedication of federal tax revenues to highway renewal; alternative funding sources for construction and renovation of roadways, and public-private sector partnerships to carry out this renewal process.

In committee a significant majority of witnesses supported the dedicated revenues concept. The committee is supposed to report what it hears. It did not do that. It not do that with the Canada Transportation Act. It did not do it with the national marine strategy report. And it has not done it with this current highway report. The committee is acting as the minister's lapdog.

The committee's report—or should I say the minister's report—is misleading and an obfuscation in that it claims the concepts of public-private partnerships and shadow tolling are alternate funding sources. The fact is the only way these would provide a substantial source of funds is if the federal government is planning to repair our national highways by charging drivers tolls across the entire system.

The report simply does not answer the question facing our deteriorating highways network: where is the money to come from? The government's report states it must look to the private sector for participation. Is this a commitment or a platitude, I ask? The Reform Party has real fears with anything emanating from the transport committee and was forced to write a minority report on the renewal of the highway system.

As I stated earlier, we have three major concerns in our minority report, the first being dedicated funding. The federal government currently collects \$5 billion a year in fuel taxes and spends \$300 million on highway infrastructure. By any logic this is a national embarrassment. Second, the majority report is misleading on

### *Supply*

alternative funding sources. The concept of shadow tolling as an alternative funding mechanism does not answer where the money is to come from. And finally, the Reform Party has a major concern with government competition with the private sector. I mentioned the Rocky Mountaineer issue.

**The Deputy Speaker:** I am sorry the hon. member's time has expired.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I have a question for the hon. member.

The hon. member addressed VIA and the Great Canadian Railtour Company. I would like to touch on both of them in my question.

• (1255 )

He mentioned that VIA is cutting and still losing money. I suppose it is losing money because the federal government has to subsidize it. But let us put the whole story before the Canadian people. The whole story is that VIA Rail had operated with over \$300 million in subsidy per year and has had that subsidy reduced by the government to not \$200 million as the hon. member said in his speech, but \$170 million.

VIA has been able to streamline, to work efficiencies into its company in order to maximize its return. It has managed to keep virtually the same VIA Rail service it had a couple of years ago with over \$300 million in subsidy money, with only \$170 million in subsidy. That subsidy is going down again. That company is demonstrating it can get on a commercially sound footing.

Unlike some provincial governments that just slash it and say off you go and that is it, the government understands the need for VIA Rail and the service it provides for Canadians from coast to coast. It does not want to jeopardize that need, as some of his colleagues have addressed, of Canadians and communities that rely on a good passenger rail service and VIA is working toward that end.

As far as the Great Canadian Railtour Company is concerned, I want to assure the hon. member opposite and the critic for transportation in the Reform Party that the government has no intention of watching a government subsidized rail company called VIA go up against any private company in Canada that is trying to do its job. It has no intention of doing that.

If it can be established, and the Minister of Transport has talked to the people of Kamloops, he has talked to this caucus, he has talked on many occasions to Peter Armstrong at the company and VIA—

**The Deputy Speaker:** I am sorry to interrupt the hon. parliamentary secretary but we have to give half the time to each and five minutes has now expired. The hon. member may reply.

*Supply*

**Mr. Duncan:** Mr. Speaker, only a Liberal could say that a \$400,000 a day subsidy is maximizing the return.

**Mr. Keyes:** That is not what I said.

**Mr. Duncan:** That is what I heard you say, that VIA is maximizing its return. It is only getting a \$170 million subsidy. If we want to talk about the Canadian Railtour Company and VIA competing head to head, if we really want to level the playing field, how open is the government to providing a subsidy to Great Canadian Railtour Company? Not very open I suspect.

**The Deputy Speaker:** There is another minute and a half left. If the hon. parliamentary secretary wishes to speak again, I will give him half the time remaining.

**Mr. Keyes:** Mr. Speaker, I will say it quickly. Representations have been made to the Minister of Transport from this caucus, from the municipality of Kamloops, from Peter Armstrong, the head of Great Canadian Railtour Company, from VIA Rail and others. He is doing a full evaluation of this situation so that the right decision can be made in the interests of the travelling public as well as Great Canadian Railtour Company, a private company, and in the interest of VIA Rail that is trying to get on a sound footing financially.

I give my personal guarantee that the decision the Minister of Transport will make is one that is based on sound input and it will be the right decision.

**Mr. Duncan:** Mr. Speaker, I am at a loss. I certainly heard what the parliamentary secretary had to say. Nevertheless I do not fully comprehend or have any confidence that this decision will be made on economic principles as opposed to political rationale. That is the point of our exercise. That is the point behind my speech today.

• (1300)

**Mr. Ted White (North Vancouver, Ref.):** Mr. Speaker, it is interesting that there is so much discussion taking place about the Rocky Mountaineer. This rail company was based in my riding until recently when the expansion of the project meant it needed to move closer to its base in downtown Vancouver. I have had a lot of experience and direct contact with the Rocky Mountaineer.

I wonder how many MPs in this place have actually taken a look at that train. I know one of the deputy speakers and the Minister of Justice used their free rail privileges to travel on it last year. They have certainly had an opportunity to take a look at it. I wonder how many other MPs on that side used their free rail privileges to travel and are now seriously considering putting this company at risk.

This company has built up a tremendous relationship with the cruise ship industry. It sells trips to the cruise ship industry. The trip is a wonderful look at B.C. and the Rocky Mountains with an overnight stay on the way through.

The Parliamentary Secretary to the Minister of Transport claims there is no problem because VIA Rail will only be moving people from place to place. Actually, all of the evidence is that that is absolute bunkum. The Parliamentary Secretary to the Minister of Transport stated that he will stop VIA Rail if it starts running a tourist service and not a passenger service for British Columbia. We will take him at his word on that.

The service that VIA is proposing is actually between Jasper, Alberta and Vancouver. Fair enough. But how many people are going to need to travel from Jasper to Vancouver and vice versa, like catching a bus or a train? That is an important question because that surely would determine the type of facilities and how large the train would be. I think we can all agree that probably all of the passengers would travel the entire distance. So it is certainly not a service for B.C. residents travelling from one community to another.

I would like to read a copy of an advertisement which recently appeared describing the service. This advertisement was issued by VIA Rail, so this is its words. This should bring the debate a little closer to what we should be talking about here. This is the advertisement placed by VIA Rail:

Discover Canada the way it's meant to be seen. Up close and in comfort. The experience awaits in silver and blue class aboard VIA Rail's western transcontinental train, The Canadian, beautifully restored to its sleek 1930s stainless steel style. Here is a classic train journey that combines the breathtaking panoramas of Canada with unique first class pleasures.

Is this starting to sound like a train one would catch from little community to little community?

Silver and blue class travellers enjoy exclusive use of the park car with its famous observation dome and lounges, a spectacular dining car with meals to match, a choice of accommodations and shower in each sleeping car.

As I said earlier, this is absolute bunkum. This train is being set up to compete with a private company that has been successful, that has made a go of it. To argue that any type of passenger train could survive these days is also absolute bunkum. VIA Rail learned years and years ago, decades ago that people have stopped using trains to travel from community to community.

Generally speaking, people catch planes or buses and by preference most people will catch a plane simply because we are in a very rushed and hurried world and it is a lot easier to do that. Perhaps one could argue that the only people who would catch a train any more are afraid of the plane or do not like to go on the bus.

It is completely ludicrous to argue that all of this money which is going to be poured into VIA Rail at the expense of taxpayers has anything to do with moving people from place to place.

The debate today is about a whole bunch of transportation issues. I stood in the House on April 26, 1994 to speak on the ill-fated Bill C-22, the Pearson nightmare that keeps coming back to haunt this

government. That bill attempted to control the amount of compensation that could be paid as a result of the cancellation of the Pearson airport privatization deal.

Earlier in today's debate the parliamentary secretary tried to convince us that somehow this whole Pearson thing was tied to the PCs. But of course there were the Bronfmans and there were also some well known Liberals, a certain senator, and Herb Metcalfe and Bob Wright, a Liberal fundraiser.

• (1305)

Bill C-22 which we debated some time ago, this nightmare that keeps coming back, had a special neat little provision under clause 10. It had to be read carefully to see exactly what it said. It said: "If the minister considers it appropriate to do so, the minister may, with the approval of the governor in council"—nicely behind closed doors—"enter into agreements on behalf of Her Majesty to provide for the payment of such amounts as the minister considers appropriate".

If that was not a set up to reward or to look after the Liberals who were involved in Pearson and to make sure the Tories were punished, then what was it? That is certainly what it looks like to me. Maybe because there are so many lawyers on the Liberal side of the House they thought they could set this thing up in Bill C-22. It was a lawyer's dream to pass legislation to allow that they could not be sued and could then determine the outcome, who would be rewarded and who would not.

That was a wonderful piece of legislation. Thank goodness it met its fate along with the second attempt. As I keep mentioning, this nightmare keeps coming back to haunt the Liberal government. If the Liberals had dealt with this whole matter in an intelligent and productive way right at the beginning, Pearson today would be at the stage that Vancouver International is.

And what a spectacular airport that is becoming, because that airport has been developed by some people who got away from bureaucratic nonsense and government run institutions. They have built a beautiful facility using a user pay fee system. Occasionally people complain that they have to pay \$10 or \$15 to pass through the airport. But when people can see dedicated revenues going to produce something, it really makes a difference. Even now when most of the naysayers experience that new airport, they say: "It is great to see where the money went. This is really good. We like a user pay system that dedicates the revenues".

Unfortunately when we look at the state of the freeways and other parts of the infrastructure in the Vancouver region, nothing has been done for 50 years. I give credit to the foresight that our forefathers had in the Vancouver region, and with credit to the federal government at the time, in the late fifties and early sixties

### *Supply*

to build a freeway that ran from Vancouver all the way down the valley to Abbotsford. Hardly a soul drove on that freeway when it opened.

I have a friend who was living in the North Vancouver region at the time who had a cottage in the United States. He told me about the first time people drove on the freeway when it was opened. They asked who would ever use it. They asked when Vancouver would ever grow large enough to use that freeway. Now we look at that freeway 45 years later and it is absolutely crammed with cars.

Because of the failure of the governments of the past decades to control their spending, because they have poured more and more into payments on the debt, they have been subtracting money out of the transportation and infrastructure projects. So we in Vancouver are stuck with a freeway that was built 45 years ago that should at least be doubled, probably tripled in size to meet the future requirements of the region.

As some members would argue, there is a provincial involvement, but on most of these large freeway projects that are part of the Canada highway system, there is federal involvement. Members know that is the case. It would be a nice change for the western part of this country if instead of constantly having money sucked out, we got a little put back in to some of our major infrastructure.

That does not mean patronage infrastructure the way the \$6 billion giveaway was set up. That was ridiculous. Where that money went was ridiculous. New seats in the superdomes. Many Reform Party caucus members stood in this place and criticized the spending of money in their ridings, and I did myself, because it was being spent on patronage. It was not being spent on creating jobs and it was not being spent on meaningful infrastructure that would have made a difference, that would have built for the future, that would have given us something to look forward to.

I realize that—

• (1310)

**The Deputy Speaker:** I regret to inform the member that his time has expired.

**Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.):** Mr. Speaker, I want to remind the hon. member that the Canada infrastructure program was done in concert with the provincial government and the municipalities. Those spending decisions were not patronage spending decisions made by the government; they were made by the municipalities. This was a municipally led program. They determined where the money would be spent. They came to the Ontario and federal governments, or in his case B.C. and federal governments, and received the funding necessary for the municipality.

*Supply*

The member should not be talking about patronage funding coming from the federal government. That is ridiculous.

I found it quite entertaining and interesting to listen to the hon. member about Pearson airport. He does mention there were Liberal players involved in the Pearson airport deal. Yes, absolutely. We admit that there were. But it is this government that is standing up and defending the Canadian taxpayer by saying that we do not care if there was a Liberal involved with Pearson Development Corporation or a Conservative involved with Pearson Development Corporation. This is the corporation that came together because Paxport, the deal hatched by the Tories and Brian Mulroney's fundraiser, did not work.

We are saying that no matter if they were Liberals or Tories who were involved in Pearson Development Corporation, they are still only entitled to the money they spent on the project. They are entitled to \$30 million, \$40 million or \$50 million, not the \$600 million the hon. member is defending that these individuals should receive.

Where does the hon. member stand? Is he defending the Canadian taxpayer saying that the consortium is only entitled to what they spent or is he saying that they are entitled to \$600 million? We are saying that we are protecting the Canadian taxpayer. What is the hon. member saying?

**Mr. White (North Vancouver):** Mr. Speaker, a few points came up there.

First, aside from everything else he said, the parliamentary secretary should know that the auditor general, the government's own infrastructure auditor, said that the infrastructure program was a job creation failure. He warned against using this type of infrastructure program as a job creation scheme. Therefore, it was very clear to the auditor general that it was nothing more than a handout of money to Liberal sponsored schemes. There was plenty of evidence of that right across the country.

In terms of the Pearson airport deal, what the people involved in that project were entitled to was their day in court. They were entitled to their day in court to let a court of this land decide who was at fault and how much the award should be. It is absolutely improper and a terribly bad precedent for a government to pass legislation that virtually dictates the outcome and protects the government from any sort of lawsuit. It is absolutely outrageous.

Frankly, I do not give a hoot for the parliamentary secretary's personal guarantee that the Minister of Transport will make the most sensible decision. I do not give a hoot for that personal guarantee because I do not think it will be the most sensible decision. It will be made for political reasons.

It saddens me greatly to see the risk that the Rocky Mountaineer is being put at in the interests of a political ideology from the other side of this House that is contrary to private enterprise in this country.

**Mr. Dennis J. Mills (Broadview—Greenwood, Lib.):** Mr. Speaker, I found it terribly unbalanced on the member's part not to recognize in his speech some of the great efforts that have been put forward by the Government of Canada, specifically in the Vancouver area.

When we think of the entire port infrastructure that has evolved in Vancouver, the Government of Canada has always led the way. I can think of all kinds of infrastructure support. Maybe the one highway he cited did not have quite the use it should have had at the time, but the Government of Canada presence in Vancouver is one of the most dominant of any city in Canada. I am sadly surprised that the member would not recognize that.

• (1315)

**Mr. White (North Vancouver):** Mr. Speaker, the hon. member failed to give any examples so I will give a nice example to back up my side of the story.

The port of Vancouver has been treated like a cash cow for the government. So much in dividends has been sucked out of the port corporation that we cannot afford any more to build new passenger facilities. It is treated like a cow with its head in Vancouver and the udder in Ontario right here in Ottawa. It is a disgrace.

**Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.):** Mr. Speaker, I am pleased to have an opportunity today to debate this opposition day motion and to speak particularly about the issue of highway transportation.

The story we have to tell as a government and the types of things we are proposing and intend to proceed with show quite clearly that the resolution condemning the government is totally inappropriate, misses the mark and does not accurately reflect the reality of what is taking place today.

Quite frankly the issue of transportation is an important one for me and for my riding. Parry Sound—Muskoka, part of the most beautiful part of the world, depends in large part on tourism. Indeed the vast majority of tourists who travel to my part of the country do so on the highway transportation system.

In my riding we depend so much on that industry that almost one out of every two jobs is tied to tourism. For every million dollars of new tourism expenditure we attract to my riding, primarily again through the highway transportation system, we create 39 person years worth of employment. For me personally as the member for Parry Sound—Muskoka the whole issue of highway transportation is an important one.



*Supply*

I also had an opportunity with others on all sides of the House to participate as the chair of the natural resources committee in a rural development study. We had an opportunity to talk to Canadians from coast to coast about the needs of their communities, about the need for improving the economic climate that exists in rural Canada.

Almost to a person in the types of testimony that was provided to us the issue of transportation infrastructure, particularly highway infrastructure, came up. Not only was there the issue of tourism which we heard about from my constituents and from constituents across Canada, but we also heard about the importance of moving our natural resources from where we either harvest them or extract them in rural Canada to our markets and the importance of the highway transportation system to do that.

There is also the importance of a strong highway transportation system in terms of being able to value add to our natural resources in rural Canada and of being able to move those to market in an efficient way.

The committee on natural resources in its rural development study has examined this issue. It clearly states that transportation is important. The government is committed and concerned to have seen us as a committee of the House deal with the issue. I congratulate members of the transportation committee, which released its report yesterday dealing with the whole issue of highway transportation in Canada, for the work they have done, for the report they have tabled and for the recommendations they made in terms of highway renewal.

Not only for rural Canadians but for all Canadians the highway transportation system is critical. Ninety-five per cent of all transportation that goes between cities is on our highways. Seventy-five per cent of all freight that we move goes by highway. Sixty per cent of our exports to the United States, our largest export partner, goes by road and 80 per cent of our imports. Therefore it is critical for rural Canadians and for Canadians everywhere.

We need to look first at where we stand today. The reality of the situation when we are talking about highway transportation is that it is primarily, although not exclusively, a provincial responsibility.

• (1320)

Just this past October the Minister of Transport had an opportunity to meet in Prince Edward Island with his counterparts. He talked to them and dealt with the whole issue of a national highway policy. He received strong support from his provincial and territorial counterparts for the need to move forward but with a clear understanding that the lead responsibility in the issue of highway transportation rests with the provinces. The federal government should and must take a role in highway policy.

Historically the federal government has supported the whole issue of highway transportation since 1919. The best example occurred between 1949 and 1971 through a series of federal-provincial agreements involving the construction of the Trans-Canada Highway. As it had been in the previous century when it was linked from coast to coast by rail the nation was being linked coast to coast by a national highway.

The commitment and the ongoing involvement in highway transportation continue today. The federal government in fiscal year 1996-97 is committing somewhere close to \$300 million or \$292 million through federal-provincial agreements to highway construction and maintenance. In addition it spends approximately \$100 million on highways and bridges for which it has direct responsibility.

Improvement in our highway transportation system is needed. That is why the government has had both the natural resources committee through its rural development study and even more directly the transport committee working on trying to develop ways to proceed, the proper actions that should be taken, the kind of strategy we should be looking at as a government to pursue improvement of our highway transportation network.

As the report on transport made quite clear there is a need for action now. We have an aging system. It is considered to have a 30-year lifespan. Right now it stands at something like 14 years. We are facing increased costs to maintain the system. As it grows older governments at all levels are having to commit increased financial resources to maintain it.

There is growing congestion in our major metropolitan centres. I often drive to Toronto and it does not take long to see the congestion. There has not been adequate investment in our highway transportation system.

Where do we go as a nation? Where do we go as Canadians? Where do we go as governments of all levels? One of the important things we need and one of the things the transport committee suggested is a national highways policy. We need a framework. We need a blueprint. Governments need a strategic road map to ensure a proper highway transportation infrastructure.

The committee made a number of suggestions and included a number of components which I think are appropriate. It talked about the need for a long term commitment of federal financial assistance. It talked about the need to develop partnerships between the public and the private sectors and between different levels of the public sector and the provincial and federal governments. It talked about the need to explore and develop new technologies and best practices in creating and maintaining our highway infrastructure. It talked about the need to develop innovative financing models to come up with the necessary financial resources that will

*Supply*

be required to make the major investment in updating and maintaining our highway infrastructure.

• (1325)

On some of these points the government has made very clear what it intends to do. The fact that it is presently committing close to \$300 million to highways in Canada is appropriate. We should continue at a minimum to make that kind of financial commitment to a national highway system.

This has been debated a bit by previous speakers in the House but it is important that an infrastructure program be used to assist in transportation. In the program announced by the government right after the election in 1993 much of those funds were used in several provinces to help with important transportation related projects.

Unlike what one member was trying to suggest before, the program worked based on decisions as to the local priority, where the money should be spent and the types of transportation infrastructure. If transportation was chosen the decision was made at the local level. It was not made by the bureaucracy in Ottawa or by the members who sit in the House or in the various provincial legislatures or by their bureaucracies. The decision was made where it should be made: by local councils, local individuals who understand and know their priorities. We should continue to have such an infrastructure program and part of it should be used for transportation.

I will speak as a rural member for a second. It is important to note rural Canada has significant challenges that are somewhat different from those faced by urban Canada. Our transportation system is one of them. Obviously the geography is different. We have much larger distances to go. The density of our population is such that the need to communicate between a series of smaller municipalities intensifies our need for a highway transportation system. Our need to pursue our economies by transporting natural resources to market suggest that as we pursue a commitment of federal dollars, be it through an infrastructure program or otherwise, we must remember the needs in rural Canada are particularly high. We must recognize that when allocating the resources we allocate as a government.

We need to look at our financing options. We need to be creative. The third party sometimes has difficulty with the whole concept of being creative in government, looking at new solutions and looking forward as opposed to looking backward.

There are a number of creative ways to attract investment into a highways infrastructure. It could involve different levels of the public. It could involve a situation where we attract private investment into the infrastructure program, where we have the private sector invest in highways. We could recover that investment in a number of different ways. It could come from the public pursue through governments paying back that investment over

years as the assets are depreciated. Or, it can come from the public through user fees if that is the types of decisions that might be made.

The key point is that we need to be creative in how we approach our financing of this type of infrastructure. I applaud the transportation committee in making that point very clear. We need to be creative. We need to reach out for innovative solutions in how we create highway transportation infrastructure.

The motion suggests that the government should be condemned. It is hogwash to use that word because the government should not be condemned.

• (1330)

The government should be complimented because in the last three and a half years, through its sound management of the Canadian economy, through the work it has done in managing Canada's finances, it has been able to create a financial environment that allows it options it would not have had if it had not acted in a prudent manner.

It is appropriate to look for a second at how some of that has worked. First, the government has taken a deficit which was about \$42 billion when it took over and it is going to come in somewhere a little over \$17 billion. We will know soon when the Minister of Finance brings in his budget.

The government is moving very quickly to a balanced budget. That will allow it to be able to make a long term financial commitment to a highway transportation system without increasing the debt. The government will be able to make that long term commitment without having to add on to its carrying charges. Sound fiscal management in reducing the deficit is giving the government the options to pursue such things as a national highway transportation policy.

By having economic policies that have led to the lowest interest rates in 40 years has made it possible and attractive for the private sector to make investments in things like highway transportation. The environment has been created. That is what the economic policy is all about. The government has created an environment, in this case low interest rates, that will give the private sector the opportunity to make the kinds of investments that it wants to be able to make.

These economic policies have led to the lowest sustained rate of inflation for well over a generation. It gives governments and the private sector the opportunity to make long term capital plans with some sort of surety in terms of future cost. That is what a stable inflation environment has been able to provide. It is working to allow the government to work in partnership with the private sector to pursue a policy that can lead to improved highway infrastructure.

Let us look at another matter. The government has created an environment so that trade has increased substantially since it has been in office. It has increased by something like 28 per cent. Today about 42 per cent of the value of all the goods and services produced in Canada come from trade. We have created the volume, we have created the market, we have created the need so that a proper investment and infrastructure can occur.

The member talked about not wanting to invest in a highway that was going to be empty. The reality is that as a trading nation and with the volume of trade going up, again investment in transportation infrastructure makes good, sound economic sense.

In summarizing, let me state clearly that first, the government has had some very specific policies that have helped in the area of highway transportation infrastructure. That is important to know.

Second, the government recognizes that more needs to be done. We do need an improved highway transportation infrastructure and the government is moving forward in that respect. We saw it with the natural resources committee, we saw it with the transportation committee. We are seeking out solutions. The Minister of Transport has met with his provincial and territorial colleagues to come together and find the best way to go forward.

Finally, by bringing sound fiscal management to this country, by creating a low interest rate environment, a stable inflation environment, the government has created the conditions so that investment can occur in our transportation infrastructure.

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, I listened with interest to the hon. member's speech, in particular toward the end when he got into fiscal policies. The only thing that is even more incredible in the outrageous claims that he has made on behalf of the Liberals is the fact that he actually seems to believe all this stuff.

He talked of how the Liberal government wants to find creative ways of raising new highway funds. He talked about either paying for it from the public purse, coming from the taxpayer by way of government payment or collecting it directly from the taxpayer. If anybody knows of creative ways to extract money from the taxpayer it is the Liberals.

• (1335)

He does not seem to recognize or accept that there is only one taxpayer. When the Liberals talk about making payments it does not matter where they get it from, it is coming out of the taxpayers' pockets. He talked in terms of user pay and that the user should be paying for this highway system, not the government. Obviously in the end it will be the taxpayer one way or the other.

### *Supply*

Let us go directly to the user. He suggested in the course of his speech that the highways are primarily a provincial responsibility. I do not disagree with that.

I have actually two questions for the hon. member. First, what is his reaction to the concept of making the provincial government responsible for 100 per cent of the highways? The federal government will bow out. But before it does, let us also recognize that the federal government extracts from the taxpayers, the driving public, a 10 cent a litre federal fuel tax originally which it brought in and called a highway tax. The tax amounts to \$5 billion a year but in the entire country the government spends about 5 per cent of that back.

User pay? The user is paying 2,000 per cent of the cost of the federal government to maintain the national highway infrastructure. What about turning controls of highways 100 per cent back to provincial governments? But first tell them: "If you accept this responsibility we will give you at least half" and that is being generous. That is allowing the federal government to continue to extract from the Canadian driving public \$2.5 billion a year and not put anything back. However, it would turn the other five cents over to the provinces with the explicit requirement that it is spent on highway infrastructure within their provinces.

If he is prepared to do that, I would suggest that the provinces are prepared to accept. British Columbia spends \$1 billion on federal fuel taxes and the government spends \$200 million for the entire country. If it wants user pay, great. But first account for the money that the user is already paying.

Second, he talked about highway transportation here in Ontario, his province and how necessary it is for his area.

Let us look at bus transportation in the province. VIA Rail officials came before the transportation committee and in response to my question of how VIA could possibly justify taking an already hugely subsidized passenger rail fare and cut it in half, the response was: "We want to increase our ridership and have a greater business volume so we are cutting our fares in half to take business away from the bus companies". Those bus companies are tax paying, non-subsidized, private sector operators trying to make a living, trying to transport tourists to the hon. member's area, that he talked about being so necessary for his local economy. How can we possibly justify VIA Rail taking a fare that is already hugely subsidized and cutting it in half to take passengers away from the private sector?

**Mr. Mitchell:** Mr. Speaker, the hon. member raises a number of points. Quite frankly, members opposite speak in general terms to something I have had an opportunity to talk about before and which I am going to take the opportunity to talk about again. They do not understand the nature of Canada, the nature of Confederation, and

*Supply*

they do not understand how this works. The hon. member laughs when I talk about Canada and Confederation. That speaks volumes about exactly how he feels.

This nation is a partnership of provinces and of Canadians. He talked about what British Columbians pay in gas tax. They do contribute significantly to Canada. However, other parts of the nation may not have the opportunity to contribute quite the same for whatever reasons.

• (1340)

Does that mean that part of Canada gets that much more service? Does that mean the less advantaged areas of the country are doomed not to receive assistance from those parts of the country that are more fortunate? Is that the kind of system he is calling for? I suspect it is because when their rhetoric is looked at and listened to, it is obvious they do not understand the very fabric of Canada and the very nation of Canada.

He suggests that we pay \$5 million in gasoline tax and then turn around and send the money out and only use it for that. However, if we do that what happens to those public services that we provide as a government for which we do not collect any revenue? Does that mean that we do not have a national public health care system because there is not a revenue stream for it? Is he calling for an end to public health care?

**Mr. Mills (Broadview—Greenwood):** Andy, did you hear what he just said? He wants to increase the income tax.

**Mr. Mitchell:** Oh, I see, he wants to raise taxes. That is an interesting thing coming from the Reform Party. I think that is somewhat against their new start or fresh start or whatever start it is on this week, I am not quite sure.

The point is that we do not necessarily say that if one has a revenue stream that it must be matched to a specific expenditure. What is going to happen? Do we take that money and divide it up by province? If one province pays more into it does it get more than the other provinces?

We are a nation. We are a nation from coast to coast to coast. We are all Canadians from coast to coast to coast. We provide for ourselves on a national basis. I become very concerned when members of the third party sow the seeds of parochial provincialism day in and day out and try to sow the seeds of discontent from one region to another region. Those are the types of things they are talking about. Those are the types of things that their policies are going to lead to.

We want a national transportation system. We want a national highways transportation policy. It is the Liberal government, through sound fiscal management, that is going to give various

governments and the private sector collectively the ability to do that.

**Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.):** Mr. Speaker, I have been sitting here listening with a lot of interest to discussions on a national transportation policy with which I totally agree.

Our colleagues from the third regional party have come up with their own fresh start. I think it is about the fifth or sixth time they have had a start on this. However, in this one they are talking about giving back \$2,000 per family on income tax. The one colleague over here right now has just made a statement that he was going to increase income tax.

**Mr. Morrison:** B.S.

**Mr. Gouk:** Liar.

**Mr. Calder:** You just said it. Anyway, no matter what he says, I heard him distinctly make that statement.

**Mr. Gouk:** Point of order.

**The Deputy Speaker:** A point of order, the hon. member for Kootenay West—Revelstoke.

**Mr. Gouk:** Mr. Speaker, the hon. member—

**Mr. Morrison:** Absolute bull.

**Mr. Gouk:** Hold on, hold on. Mr. Speaker, the hon. member is inferring that he is quoting a comment I made that was responded to by another member. With regard to the comment I made, I simply said: "You still have your income tax revenues". They are claiming that I said something other than what I did.

**The Deputy Speaker:** Thank you for clarifying that. In fact, these last questions and comments have been a bit of a disaster. The hon. member for Parry Sound—Muskoka gets to reply in about 25 seconds.

**Mr. Mitchell:** Mr. Speaker, I will take the opportunity to say that we have, as a nation, a challenge in terms of our highway transportation system. The Liberal government is working toward finding solutions. However, those solutions have to be found in partnership with other public sector governments, primarily the provincial governments, and in conjunction with the private sector as well.

• (1345)

This government has done a good job. It has set good economic fundamentals which will allow for investment in infrastructure.

[Translation]

**Mr. Paul Mercier (Blainville—Deux-Montagnes, BQ):** Mr. Speaker, we have before the House today a motion presented by the Reform Party, and I will read the first sentence: "That this House condemn the government for its approach to federal transportation

policies". Need I say that I could not agree more with this motion? With regard to airports alone, we have two clear examples of the need to condemn the transportation policies of this government.

And this is only the airports. There is also the Pearson question, and I will simply say that the Liberal government's decision in this respect has meant that we as taxpayers are faced with a law suit involving more than \$600 million in damages.

However, I intend to concentrate on the issue, which was in the news again yesterday, in connection with the decision made by ADM to transfer all international flights to Dorval and, without any real authorization, to start work at Dorval on the facilities that will be required as a result of these transfers.

As you know, yesterday in Superior Court in Montreal, Judge Viau reversed this decision, and his accompanying comments were very critical of both ADM and the federal government. The ruling, which is 260 pages long, contained some very interesting comments. I will quote only three.

The first one is more or less as follows: the judge orders ADM to act in the public interest. Here is a creature of the federal government that is accused of not acting in the public interest. I wonder whether we actually realize how shocking this is. Let me recall that well known saying: like father, like son. And ADM is a creature of the federal government.

Second little pearl: the judge accused the ADM of manipulating the results of a study. Here again, and I underscore this, the ADM is a federal creature and is being accused of tampering with the results of a study to its advantage or to the advantage of the lobbies supporting it. I will not mention them here.

Third pearl: the ADM is being accused of abusing power. This government offspring is being accused of abusing power because it decided on a radical change in the functions of these two airports, when the government, as landlord, was entitled to insist on consultation and to authorize all changes in their functions.

I am proud to point out that our party, the Bloc Québécois, criticized these practices from the outset and called on the government, the final authority in matters of air transportation, to put a stop to them. It is not up to our party to speak for Mirabel or Dorval.

It is our role, however, to criticize the behaviour of the ADM and the government in this matter and, especially, the arrogance of the seven members of ADM, who, without consulting anyone, according to the judge, not even SOPRAM, the advisory body available to it for consultation, decided the future of a region and the future of airports in the greater Montreal area.

### *Supply*

We also asked, equally unsuccessfully, that the studies the ADM used be made public. We tried under the Access to Information Act.

● (1350)

Our request was turned down, because as a creation of the federal government, it is not subject to this act. We were denied access to the studies. As a result, no one knows on what basis a decision crucial to the regions was made.

I will wrap up quickly. As a sovereignist, I will not complain; in fact, I should thank ADM and Ottawa for proving once again to Quebecers that, within the federal system, management without interference by the lobbies is impossible. We cannot hope for reasonable management or for management in the public interest over the transportation issues debated here today. Our only hope is for a sovereign Quebec to be managed in an honest and reasonable fashion.

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I would like to ask the hon. member to provide more details on the consequences that this will have on Mirabel airport. What happens now with the two airports? Could the hon. member elaborate on this, because we need further information on this?

**Mr. Mercier:** Mr. Speaker, we cannot anticipate whether ADM will appeal the decision or not. Nor can we anticipate what the federal government will do, since the judge is asking, and in fact demanding, in the five conditions he set to allow ADM's decision to be implemented, that the government take certain measures.

I will simply say this: millions of dollars have already been spent in legal costs alone by the two parties, millions that could have been saved had the government followed up on the Bloc Québécois' recommendation to hold public hearings, where representations would have been made and studies submitted, at a much lower cost. The issue should have been discussed in public, not behind closed doors.

We do not know whether the saga will continue, whether millions of dollars will be spent should ADM decide to appeal, or what the government's position will be following the judge's recommendations. At this point in time, I do not know what will happen. It all depends on ADM's decision and on the federal government's decision.

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, I have the impression I will have to continue after question period.

There are four items I would like to discuss in this debate on a motion tabled by the Reform Party which attempts to express the dissatisfaction with the federal government's transportation policies.

The items mentioned include, first of all, Pearson airport. I think this is a subject that has been discussed by a number of members in

*S. O. 31*

this House. I could not agree more with those who thought it was very disturbing and in fact shocking to see the way the government is trying to salvage this mess.

Let me recall the facts of the case. The present Liberal Prime Minister said, when he was in the opposition and also during the election campaign, that he would reverse the former Conservative government's decision to privatize Pearson airport in Toronto, saying it would be far too expensive. They were talking about \$600 million.

Not long ago in the newspapers, we read that one hundred million dollars would be needed to pay compensation alone. To salvage what could be salvaged and to try and honour a commitment, the government thinks one hundred million is too much.

• (1355)

Many citizens are talking increasingly about a second subject, the highway system. Many have asked their member of Parliament to table petitions, and I will probably table one myself. They want the government to spend more money on improving or repairing Canada's highway system.

By the way, we deplored the fact that Quebec does not get its fair share. Between 1952 and 1986, only 16.5 per cent of federal spending on highways went to Quebec, although we have more than 24 per cent of the population, as you well know.

From 1986 to 1988, spending dropped to 13 per cent. In 1991-92, spending dropped to its lowest level ever, 4.2 per cent. It went up a little subsequently, but never exceeded 12 per cent. In other words, half of the money the federal government should be spending on the highway system in Quebec is not being spent.

There are two more items, but I think I will have to continue after question period.

**The Speaker:** Certainly, my dear colleague. You will have the floor after Oral Question Period. You have seven minutes left if you want to use them.

It being 2 p.m., we shall proceed to statements by members.

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## STATEMENTS BY MEMBERS

[English]

### PREBUDGET TOWN HALL

**Mr. Maurizio Bevilacqua (York North, Lib.):** Mr. Speaker, a few weeks ago, York North residents gathered at our annual prebudget town hall to discuss the country's current economic situation and to consider how best to proceed.

Residents called on this government to continue to focus on reducing the deficit and creating an economic environment that

encourages job creation. They also urged the government to refrain from costly tax cuts until a balanced budget is achieved.

Discussions focused on how to build on success. They acknowledged that over 770,000 jobs have been created and that the deficit battle has almost been won. Now we must take advantage of our accomplishments and ensure our economy remains strong. Investing in youth, technology and small businesses were seen as high priorities. Participants called for a further reduction in red tape for small businesses and improved access to both information and capital.

This community takes its role in the budget process seriously. Residents have seen their ideas and suggestions become government policies. The residents of York North continue to make a difference.

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[Translation]

### THE FTQ

**Mr. Osvaldo Nunez (Bourassa, BQ):** Mr. Speaker, I want to take this opportunity to pay tribute to the FTQ, or Fédération des travailleurs du Québec, the labour organization where I worked for 19 years, on the eve of its 40th anniversary. It was born on February 16, 1957 out of the merger of the Fédération provinciale du travail du Québec and the Fédération des unions industrielles du Québec.

In actual fact, the FTQ is far more than 40 years old. Its origins go back to the end of the last century. It builds on the old traditions of a combination of European and North American trade unionism, and is heir to the rich history of the international labour movement.

Today, the FTQ represents 480,000 people working in all sectors and all regions of Quebec. In addition to doggedly defending the interests of wage earners of all backgrounds, the FTQ has also taken up the cause of the sovereignty of Quebec. As well, it battles for its membership's right to work and to live in French.

The exceptional contribution the FTQ has made to Quebec society is universally recognized. On behalf of the Bloc Québécois, I wish it all the best on its 40th anniversary.

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[English]

### YOUTH EMPLOYMENT

**Mr. Ian McClelland (Edmonton Southwest, Ref.):** Mr. Speaker, yesterday the government announced a youth jobs strategy. While it may or may not have political overtones, I think it is fair to say it is very clear there is a direct relationship between job potential, the ability to get and to retain a job, and the level of education.

In my opinion it is absolutely hypocritical of the government to cut funding to post-secondary education at the same time it would

put funding into a job scheme which in the eyes of many is really a transparent method of getting votes.

There is a direct relationship between the scholastic level achieved by young people and their ability to get a job. For instance, six months after graduation, only 3.5 per cent of the 1990 graduates of the University of Alberta were looking for work.

If young Canadians want to be part of the job market, they must stay in school.

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#### CANADIAN WHEAT BOARD

**Mr. Len Taylor (The Battlefords—Meadow Lake, NDP):** Mr. Speaker, prairie producers who are still considering their vote on the Canadian Wheat Board barley plebiscite should take a look at the recent Schmitz, Gray, Schmitz, Storey study which shows that the CWB puts more money in its pockets than it would receive from the open market.

The study showed that the Canadian Wheat Board single desk sales monopoly enabled it to extract higher prices for malt barley and for feed barley as well. The four agricultural economists who conducted the study pegged the price benefit at an average of \$72 million a year during the 10-year period that ended in 1994-95.

With information like this, there should be little doubt about the pending outcome of the producer plebiscite. The power of the Canadian Wheat Board is a tremendous benefit not only to the individual farmers but also to the country as a whole. We should all be doing everything we can to support the Canadian Wheat Board and guarantee that it has a long and successful future.

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#### LEDUC NUMBER ONE OIL WELL

**Mrs. Marlene Cowling (Dauphin—Swan River, Lib.):** Mr. Speaker, today is the 50th anniversary of an important event in Canadian history. On February 13, 1947 Imperial Oil brought the Leduc number one oil well into production. At the time, Alberta was an agriculture based economy without sufficient resources. Oil was being imported from the United States.

Imperial Oil Limited had persevered through the decades of costly but unsuccessful exploration. One hundred and thirty-three consecutive dry holes had been drilled before the Leduc find on the southern outskirts of Edmonton. This oil well represented a turning point for the Canadian oil industry. It quickly led to the growth and development of an innovative and competitive oil patch. The oil and the natural gas industry has been a major source of income, jobs and exports since then.

The Leduc find can be considered the most important economic event to occur in the west in the postwar years.

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#### EMPLOYMENT INSURANCE

**Mr. Andy Scott (Fredericton—York-Sunbury, Lib.):** Mr. Speaker, in recent days we have heard a great deal about the small weeks anomaly in the employment insurance program. Make no mistake, it is a serious problem that must be fixed. But let us not lose sight of the overall benefits of the government's EI reforms.

The shift from weeks to hours recognizes all work. This is particularly helpful to seasonal industries. The low income protection means that Canadians who earn less than \$26,000 can receive up to 80 per cent replacement income. People will have access to EI based active measures for up to five years, even after their income benefits have expired. Even the divisor is a more humane work incentive than simply making employment insurance benefits harder to get.

While the application of the program requires urgent repair, the fundamental reforms represent progressive and innovative public policy worthy of all our support.

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[*Translation*]

#### NATIONAL CITIZENSHIP WEEK

**Mrs. Eleni Bakopanos (Saint-Denis, Lib.):** Mr. Speaker, this week Canadians will be celebrating national citizenship week. The celebration is even more special this year because this is the fiftieth anniversary of Canadian citizenship.

[*English*]

I wish to share with my colleagues in the House during this important event my vision of what it means to be a Canadian.

To be a Canadian is to be proud of what we are and overcoming our differences in order to build a better future. It also means being a part of the larger force which draws its strength from its linguistic duality and cultural diversity.

[*Translation*]

Whether Canadian by birth or by choice, we all have the freedom to think, to act, and to make choices according to our conscience. This foundation upon which Canadian values are based holds great promise for our future. Being Canadian is more than a status, it is a definite advantage.

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[*English*]

#### GRAIN TRANSPORTATION

**Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.):** Mr. Speaker, it is happening again. At last count there were some 46 ships waiting for grain at the west coast ports. Whenever this happens, the Canadian Wheat Board blames the railways, the railways blame the grain companies, and the minister of agriculture

*S. O. 31*

does not blame anybody. All this while the farmers who are the real victims end up holding the bag. This time it is a \$65 million bag.

Farmers are tired of all the finger pointing. They are not interested in who is to blame. They are interested in solving problems that affect their daily lives.

This minister has to start realizing that these grain tie-ups have to stop. Everybody loses in these situations. I often wonder how long it would take the government to act if its members' paycheques were put on hold for several months because someone decided to shut down the comptroller's office during the winter.

• (1405 )

The taxpayers of this country pay us to find real solutions to some very real problems, yet here we are sitting back while the big boys play and farmers pay. This government should be ashamed of itself. I think we need a fresh start.

\* \* \*

**THE BUDGET**

**Mr. Jag Bhaduria (Markham—Whitchurch—Stouffville, Lib. Dem.):** Mr. Speaker, next Tuesday the finance minister will be tabling his budget and the masses of unemployed Canadians will be waiting to see if his words contain something more than rhetoric. Today I would like to offer some recommendations to the finance minister which will create meaningful jobs for the more than two million unemployed Canadians.

The finance minister should consider a one year freeze on the current interest rates which are creating jobs in fact. The finance minister should consider a \$4,000 tax deduction for every small business for each new employee hired. The most hated GST should be cut down to 5 per cent effective immediately with a further provision to reduce it by 1 per cent each year, thus eliminating the GST within five years.

Unemployed Canadians would applaud these initiatives. I hope the finance minister gives serious consideration to my proposals.

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**SUGAR INDUSTRY**

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, the NAFTA and World Trade Organization were supposed to result in freer trade with the United States. Yet for Canada's sugar industry the opposite has occurred.

In 1995 the Americans ignored the spirit of the WTO and slapped heavy tariffs on Canadian sugar exports. Access to Ameri-

can markets fell by more than 60 per cent. The result: Rogers Sugar is closing its Winnipeg operations with a loss of 82 jobs.

But this is not the only sugar subsidy to prosper in the free trade era. The re-export program for sugar-containing products, which the U.S. agreed to discontinue in accordance with the NAFTA agreement, continues to thrive and subsidize for more than a year after its promised termination date of January 1996. Special consultations to resolve the matter have gone nowhere, making it clear the Americans will not terminate the program until we force their hand.

I call on the government to stand by its promise to request a NAFTA panel and to kill the U.S. re-export program. And the sooner the better.

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[*Translation*]

**CANADIAN BROADCASTING CORPORATION**

**Mr. Pierre de Savoye (Portneuf, BQ):** Mr. Speaker, this week, for the umpteenth time, the government has rewritten the red book. After stating that the government had fulfilled its promise on the GST, after stating that it had fulfilled its referendum promises on the distinct society by passing a trumped up motion, now the government is at it again.

This week, the Minister of Canadian Heritage announced, for the third time, with a straight face, that the CBC would have stable funding for five years, once the government has cut \$379 million from it.

This announcement was greeted with universal scepticism. How can a promise made by a minister on the eve of an election campaign be believed? But the most dead-on comment came from Perrin Beatty, the CBC President himself: "We will not believe it until we have our hands on the cheque".

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[*English*]

**SOMALIA**

**Mr. John Richardson (Perth—Wellington—Waterloo, Lib.):** Mr. Speaker, I rise in the House to tell a story of honour, distinction and heroism, a story that many may not be familiar with. This story follows the actions of the Canadian peacekeepers who served with distinction in Somalia.

In unfamiliar and treacherous surroundings facing mortar, artillery and small arms fire, our Canadian forces performed their duties admirably. They secured an area of about 30,000 square kilometres, escorted humanitarian convoys, performed demining operations and destroyed vast quantities of weapons.

Medical personnel held out-patient clinics, trained hospital staff and repaired equipment. Soldiers fixed machinery, repaired the



local jail and assisted the staff at the international medical corps hospital. They also built bridges and schools and repaired roads and runways while overhead our Hercules cargo planes supported massive humanitarian relief efforts.

That is the other side of the Somalia story. That is why the Government of Canada is establishing a medal to honour those who served in Somalia. They did so with distinction and deserve to wear the medal with pride.

\* \* \*

[Translation]

### BREAST CANCER

**Ms. Marlene Catterall (Ottawa West, Lib.):** Mr. Speaker, every year in Canada thousands of women die from breast cancer and the mortality rate has not dropped. This disease involves more than medical and scientific issues. Its eradication requires the involvement of the international community.

• (1410)

[English]

In July, Kingston, Ontario will host the first world conference on breast cancer. All members of Parliament, men and women, are invited this afternoon after question period to meet the organizers of the conference for an information session in Room 238-S.

The conference will seek to address what is being done, what is not being done and what needs to be done to defeat this killer of women, breast cancer.

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### EXPERIENCE CANADA PROGRAM

**Mr. John Murphy (Annapolis Valley—Hants, Lib.):** Mr. Speaker, I am pleased today to offer my congratulations to Mr. Brian Loughhead from the community of Windsor Junction in my riding of Annapolis Valley—Hants. Brian is here in the gallery.

Brian has just recently completed the work experience component of the experience Canada program, a career development program helping young people navigate the transition from school to work. Launched by the Council of Canadian Unity, the 10-month initiative provides young Canadians with real work experience outside of their home province or territory.

As a result of his work through this program, Brian has been awarded an employment contract. His achievement reflects a model of success for young people who are currently unemployed or underemployed.

I ask all members of the House to join me in congratulating Brian on his success. By working together we can all continue to build hope and opportunity for our young people.

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[Translation]

### RIDING OF SAINT-JEAN

**Mr. Claude Bachand (Saint-Jean, BQ):** Mr. Speaker, the voters in Saint-Jean are taking a hard look at the poor performance of the Liberal government.

In a survey by the firm Objectif for the paper *Le Canada français*, we discover that 71.4 per cent of voters in Saint-Jean are either somewhat or totally dissatisfied with the leader of the federal government.

We see from this survey that dissatisfaction has reached such proportions that it has spilled over onto Liberal sympathizers. More than one third of them have expressed their dissatisfaction with the Liberal government.

I would like to point out that the riding of Saint-Jean has always been a political bellwether in Quebec.

This survey confirms the failure of Liberal policy in both Saint-Jean and Quebec and sounds a strong note of discord in response to the self-congratulatory speeches by the Prime Minister and his Quebec lieutenants.

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[English]

### THE PRIME MINISTER

**Mr. Monte Solberg (Medicine Hat, Ref.):** Mr. Speaker, the Prime Minister decided today he would deliver what his own people billed as a state of the country speech.

So did we hear the speech in the people's House, in Parliament, where the opposition might hear him and ask to respond? Did he give his speech in a public forum where regular people might ask him regular questions, à la the CBC town hall meeting? No, the bubble boy spoke to us from a hotel ballroom filled with staff from the Prime Minister's office and the Ottawa elite.

So what did Canadians hear in the bubble boy's speech? Did he say anything about integrity or accountability, Somalia, Airbus, Krever, the broken GST promise? What about the \$3.5 billion he cut from medicare while promising to save it? How about the 1.5 billion unemployed, the 600,000 jobless youth, the 35 tax increases and \$25 billion in new money his government has taken from taxpayers?

No. We got what we would usually expect from the bubble boy, a whole lot of nothing, showing once again this Prime Minister's disconnection with the real concerns of the real people.

*Oral Questions*

[Translation]

**TEAM CANADA**

**Mr. Nick Discepola (Vaudreuil, Lib.):** Mr. Speaker, we have not yet heard the last of the successes of Team Canada's various trips. The Prime Minister's unprecedented initiative will give a tremendous boost to Canada's foreign trade.

Today, I would like to introduce another member of the most recent Team Canada, back from Thailand with agreements on contracts on bridge construction and the application of ISO standard 1400. These agreements, estimated at \$8 million, were reached by Desseau, a firm from Laval, Quebec. This major Canadian engineering firm currently employs over 800 people.

In the course of its four missions, Team Canada has helped many Quebec businesses create and keep jobs for everyone in Quebec. The Desseau company is one of them, and we are proud to report its success.

Well done, Desseau. Well done, Team Canada. Well done, Prime Minister.

\* \* \*

[English]

**HARMONIZED SALES TAX**

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, the Atlantic Provinces Economic Council says the harmonized sales tax will be good for business and job creation.

● (1415)

Its new report says the HST will help businesses save more than \$584 million a year. Businesses will no longer pay sales tax on items they buy to create their products or build their plants. Construction firms for example will have an edge over similar firms in Ontario which will go on paying sales tax.

The report also says that even a small shift in the investment climate will be likely to produce jobs and increase productivity.

Atlantic Canada is a great place to do business. The HST makes it even better.

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**ORAL QUESTION PERIOD**

[Translation]

**CANADIAN GOVERNMENT**

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, we knew, from listening to the Prime Minister, that elections were in the air, but that does not explain the absence in the House of half of cabinet.

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

**The Speaker:** Order, please. As a rule, we do not refer to any member's presence or absence in the House.

**Mr. Gauthier:** Mr. Speaker, late this morning, the Prime Minister painted a rosy picture of life in Canada. Clearly, the Prime Minister has tested the electoral waters. His remarks are very optimistic.

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

**Mr. Gauthier:** Optimistic, but so out of touch with reality.

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

**Mr. Loubier:** What are we going to do with this, Mr. Speaker? It makes no sense.

**The Speaker:** Question, please.

**Mr. Gauthier:** Yes, I am getting to my question. We will see how far this optimism goes. The Prime Minister was silent about the Somalia inquiry. Not a word passed his lips about the Airbus scandal. He had nothing to say about the Pearson deal, nor did he mention the broken GST promise, or the Canadian armed forces.

My question, for any one of my colleagues across the way who can reply on behalf of the government, is as follows; Why is the Prime Minister so silent when it comes to matters concerning his government's morality?

[English]

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, it is really touching that the leader of the separatist party is concerned about the future of the Canadian Armed Forces.

Be that as it may, his litany of unjustified complaints shows something very important: he has nothing to complain about when it comes to the achievements of this government in restoring the Canadian economy, bringing down interest rates and creating hundreds of thousands of jobs.

[Translation]

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, if the Prime Minister wants to test the waters, he would do better to answer his own questions during the election campaign.

In 1993, the red book lamented the 1.6 million unemployed in Canada, the millions on welfare, the one million children living in poverty and the high level of bankruptcy. Three and a half years after being elected to office, this government has captured the all time record of 1.5 million unemployed, three million welfare recipients, 1.5 million children living in poverty, and 86,000 bankruptcies in Canada.

My question, for any government member brave enough to answer, is this: When it comes to real problems, what does this government have to be proud of?

*Oral Questions*

[English]

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, I think the best answer to my hon. friend's question is to quote from the Prime Minister's speech to the board of trade this morning. He said that forecasters in the private sector are predicting that 1997 and 1998 will be years of strong growth. They say we will lead most of the industrialized world in economic growth. They say the economy will create an additional 300,000 jobs a year for the next two years, on top of the more than 700,000 created since we formed the government.

• (1420)

Finally, one more sentence. "I know", said the Prime Minister, "that for someone without a job these statistics may not be much comfort, but I want them and all Canadians to understand what we are doing to combat unemployment and how I believe our actions will create a stronger economy and more jobs for all Canadians".

[Translation]

**Mr. Michel Gauthier (Leader of the Opposition, BQ):** Mr. Speaker, Canadians have been listening to this line for three and a half years. The government members sound like broken records.

The Prime Minister of Canada—

**An hon. member:** We will miss you.

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

**The Speaker:** The Leader of the Opposition has the floor.

**Mr. Gauthier:** Mr. Speaker, some members across the way think they will miss me. Let them come to Roberval and defeat me, if they can. They can run any candidate—

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

**Mr. Gauthier:** Even the minister of defence.

On a more serious and much sadder note, the Prime Minister, in his interminable speech, gave as examples of how well the Canadian federal system works the manpower training agreement, the infrastructure, the youth programs, the right of veto and distinct society—

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

**Mr. Gauthier:** Yes, Mr. Speaker. They are so blind they applaud. Let us look at the results. But let us look at the facts. With regard to manpower, nothing has been settled with Quebec. As for the infrastructure—

**Some hon. members:** Question.

**The Speaker:** I would ask the Leader of the Opposition to kindly put his question.

**Mr. Gauthier:** Mr. Speaker, I am coming to my question, because whether it is youth programs, the right of veto or distinct society, it all boils down to a big zero for Quebec.

How can the Prime Minister, how can the government, hold up these examples of how well Canadian federalism works and still keep a straight face?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, we can reply with great confidence to the questions from the Leader of the Opposition because I think that people across Canada have noticed the renewed effort by cabinet in our integrated approach with the provinces for the benefit of children; we have made an integrated national child benefit a priority.

Manpower has been mentioned. I would like to explain to our colleagues across the way that the Government of Canada has offered publicly—my predecessor made this offer last May 30—to transfer responsibility to the provinces. We have already signed agreements, which is a clear indication of our good faith, with two provinces, Alberta and New Brunswick, and we are continuing to negotiate very actively with the Government of Quebec.

I can assure the Leader of the Official Opposition that many of these issues are well on the way to being settled.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, at noon the Prime Minister, who is ashamed to show his face, bragged that he put the federal government's financial house in order by reducing the deficit. He was also full of compassion for the unemployed and children living in poverty.

My question is directed to the Prime Minister or to the person who will answer on his behalf. Does the Prime Minister agree that this deficit reduction is mainly due to tax increases totalling \$18 billion since 1994, a five billion dollar surplus snatched from the unemployment insurance fund, and a shocking \$4.5 billion cut in our social programs?

In other words, this government's outstanding performance comes at the expense of the provinces, the unemployed and the poor.

• (1425)

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, our achievements are there for all to see. In international forums, whether we are talking about the International Monetary Fund or the OECD, all reports have indicated that Canada's economic performance was the best of any industrialized country.

Newspapers in France refer to the Canadian miracle, and Japanese investors are now prepared to invest at rates which are 5 per cent lower than before. We cleaned up our tax system; we have again become fiscally responsible; we created 700,000 jobs; we brought the inflation rate down to 1.5 per cent and in 1996, our current trade balance will show a surplus.

These are our achievements, and the opposition cannot deny this.

*Oral Questions*

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Speaker, this so-called Canadian miracle means 500,000 more children are living in poverty since they came to power.

Will the one who speaks for the government agree that by cutting 4.5 billion in our social programs, the government has had a devastating impact on the poverty rate? In other words, the wonderful compassion shown by the Prime Minister at noon is an admission of a guilt. He is the guilty party.

**Mr. Young:** It came from the heart.

**Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.):** Mr. Speaker, the opposition is so overcome by the truth that it no longer considers asking questions.

But even if the hon. member did not ask a question, I think it is clear that our program spending, will have gone down from \$120 billion to \$103 billion next year, which means that our departments have had to absorb the majority of our spending cuts. We cut administrative spending more than we cut transfer payments. In fact, the government cut its own spending by 22 per cent, so as to restore its fiscal responsibility.

And I must say that if there had been no separatists on the other side, the results would have been even better.

\* \* \*

[*English*]

**SOMALIA INQUIRY**

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, yesterday the Somalia commissioners accused the government of political interference in an investigation of a murder cover-up.

Commissioners Létourneau and Desbarats made it quite clear that the government knew full well that by shutting down the inquiry Canadians would never know the truth about a cover-up at the highest levels.

I would like to ask the Prime Minister the one question the government refused to answer yesterday. Why do the Liberals not want the Somalia inquiry to get to the bottom of this high level murder cover-up?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member is totally irresponsible. There is no one in Canada who believes that there was or there is today a cover-up of the murder.

The government has said and I as the minister has acknowledged that there were many mistakes made in how the military institution responded to the absolutely intolerable events that occurred in Somalia which resulted in the killing of Somali citizens. There is no question about that.

As I said and as the hon. member knows, every Canadian who really wants to get a clear understanding of what took place in Somalia knows who pulled the trigger. Everybody in Canada knows exactly what happened on the ground in Somalia to the extent that it can be determined after two years of work by the commission, the military investigations, the courts martial and everything else that took place.

The hon. member is trying to continue to pursue an opportunity that he thinks his party has, that his own leader totally disagreed with when in September 1996 he stood in his place in the House and asked the Prime Minister of Canada for a guarantee that the Somalia inquiry would end before the election. He did not have a word to say about the truth or about the facts. He simply wanted it ended.

• (1430)

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, in the House this minister said that the inquiry would go on maybe into the 21st century, maybe eight years or so. The commissioners said that it would be over, that they would have the finished report on the minister's desk by the end of December 1997. In the House this minister implied that it could last forever.

The minister can bluster and scatter red herrings in every direction but that will not help. For the first time in history the Liberal government shut down an independent inquiry at a crucial time when they were just starting to expose some of the government's friends.

What is the government trying to hide by this high level cover-up?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, because of my respect for the House and awareness that question period answers should be brief, I will not address all of the irresponsible and absolutely wrong-headed information the hon. member tried to put into his question.

Let me deal with one specific issue very briefly. The hon. member said that the commissioners have apparently said to him or to someone that they would be totally finished by the end of December of this year. That is what I heard the hon. member say.

Let me quote from a letter sent by the commission of inquiry into the deployment of Canadian forces to Somalia to the Privy Council. This is a quote from a document provided to the government through the Privy Council directly by the commission: "Scenario one, the most desirable or optimum scenario". It goes on in too much detail for me to take the time of the House but let me go to the conclusion: "The most desirable or optimum scenario would result in the completion of hearings by May of 1998, followed by a four to six month period thereafter for the production of the final report".

*Oral Questions*

The hon. member sooner or later has to make an effort at getting his facts straight.

**Mr. Bob Mills (Red Deer, Ref.):** Mr. Speaker, obviously we would like that document tabled so we can all take a look at it. I am going on what the commissioners have said to the public in their news conference yesterday.

The real issue here is that the government has obviously been happy as long as the guys at the bottom are being charged. The minute we started to move up that ladder we brought an end to this inquiry. For the first time in Canadian history we did that. This government and this Prime Minister are responsible for that.

Why is the Prime Minister shutting down this inquiry before it can investigate at the highest of levels? It is happening right under his nose. What is the government trying to cover up by cancelling this inquiry?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member often refers to the bottom of the ladder. He is obviously far more familiar with the bottom of the barrel.

In his previous question the hon. member talked about when the commissioners had assured him they would be able to report. I have indicated clearly that there is another view from the commissioners with respect to when they could properly report.

With regard to another allegation made by the hon. member, I will help him out this time rather than embarrass him. Maybe I could suggest to the hon. member that he check his facts to find out for sure whether any government in Canada has ever put an end to an inquiry, before he repeats that allegation again.

\* \* \*

[*Translation*]

#### EMPLOYMENT INSURANCE

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, my question is for the Minister of Human Resources Development.

The Prime Minister boasted about the passage of the employment insurance legislation. That is odd. Less than five weeks after the main provisions of the new employment insurance act came into force, the Minister of Human Resources Development is already acknowledging the need to correct what he describes, with his legendary lack of understanding of the issues, as flaws. But time and time again the official opposition has criticized the absurdity of certain provisions of the system.

• (1435)

In connection with the flaws he has to correct, will the minister deal with the case of Rita, a woman who is receiving a meagre \$35 per week in benefits, after working twelve 35-hour weeks at minimum wage, because, under the new legislation, only the previous 26 weeks are taken into account?

Does the minister realize that—

**The Speaker:** I am sorry to interrupt the hon. member. The Minister of Human Resources Development has the floor.

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, the hon. opposition member said we had acknowledged that are flaws in the system. What our government acknowledges, and the Prime Minister referred to this morning, is having had the courage to carry out a comprehensive reform, reviewing the entire unemployment insurance system, which was so dear to the hearts of our friends opposite but which no longer met the needs of the people on the modern job market at all.

What this government has always maintained, as did two of my predecessors at Human Resources Development Canada and as I myself have done since my appointment as the Minister of Human Resources Development, is that we will closely monitor the transition to the new employment insurance system and, if adjustments are required here and there, we are prepared to make them in order to improve service to Canadians.

**Mrs. Francine Lalonde (Mercier, BQ):** Mr. Speaker, there are people living on \$35 a week instead of \$121. I have another question on the same subject for the Prime Minister.

What does the minister have to say to Benoît, who, after accumulating 450 hours of work over 10 weeks in 1996, is eligible for employment insurance benefits because the transitional measures the minister introduced along the way penalize workers who fulfilled the conditions of the law in 1996?

Is the minister prepared to soften the transitional measures to ensure that anyone who worked more than 35 hours per week in 1996 will not be penalized as is currently the case?

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, with the transitional measures, the government decided in favour of the person who worked the last 26 weeks in 1996. At the time, employers had no system to determine if the hours of work had actually been completed and we operated on the assumption that every week claimed, whether or not 35 hours of work were actually performed, was a 35-hour week. We are doing claimants a favour, giving them the benefit of the doubt. This way, 22 hours become 35 hours.

As for those who may have worked 50 hours, what the opposition is requesting for them did not exist under the former system,

*Oral Questions*

because these hours were not insured under the system. There were only 35 insurable hours per week.

\* \* \*

[English]

**SOMALIA INQUIRY**

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, the defence minister's decision to shut down the Somalia inquiry prevents investigation of allegations of high level cover-up in the defence department.

What this means is the minister is letting the lower ranks take the fall, while senior brass, bureaucrats and maybe even politicians get off scot free.

Why is the minister refusing to hold high level officials accountable for trying to cover up the events surrounding the torture death of a Somali teenager?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member, as I have said often in the House, has had a distinguished career over many years in the Canadian forces.

I simply want to say through you, Mr. Speaker, to the member who has put the question that surely, as was the case yesterday in committee, hon. members are not going to stand in the House or use opportunities elsewhere to tarnish the reputation of all the men and women who serve in the senior echelons of the Canadian forces.

● (1440)

Everyone recognizes that mistakes were made and some very heavy prices were paid by people at the very senior levels of the Canadian forces. There have been significant changes in the upper echelons of the Canadian forces and the Department of National Defence.

Surely the hon. member and some of his colleagues who have served in the Canadian forces understand that to continue to pursue this denigration of men and women who have made a commitment to Canada and the Canadian forces and who have served in the most distinguished and honourable ways not only in Canada but around the world cannot continue.

Surely the hon. member after his distinguished service has a few shreds of decency left in him and—

**The Speaker:** I hope that all hon. members will use some restraint. I know we are all under some pressure in here. I appeal to hon. members. Questions should deal with administrative responsibility and members should refrain from attacking each other

personally. That would be the better way to proceed and I would urge you to do that.

**Mr. Jack Frazer (Saanich—Gulf Islands, Ref.):** Mr. Speaker, I have some understanding of how military people react when they see blatant unfairness in the system that is dealing with them.

The minister's response does not change the fact that Shidane Arone was beaten, tortured and murdered. Then there was an attempted cover-up at national defence headquarters. By shutting down the inquiry the government is trying to cover up the cover-up. Why is the minister so willing to let senior officers, bureaucrats and politicians go uninvestigated? What is the minister afraid of?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, to be absolutely honest, what I am afraid of is that the hon. gentleman and his colleagues will continue for the next two or three years with this absolutely unacceptable kind of approach.

They try to paint everybody in the armed forces as being involved in cover-ups, involved in mismanagement and involved in the kinds of activities to which the hon. member and his colleagues keep alluding without ever once taking into account the fact that the vast majority of men and women in the Canadian forces at every level do their jobs well and honourably.

If the hon. member really believes the Canadian forces deserve to be supported, he should be among the very first to stand up and to recognize that. I know he goes on to the bases. I hope he and his colleagues continue to avail themselves of the opportunity to go out and meet with the men and women of the Canadian forces at all ranks. I hope they try to get a grip on what is really going on there instead of continuing to try to exploit a political situation, where I say to my hon. friend, you are going down the tubes.

\* \* \*

[Translation]

**SOMALIA INQUIRY**

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, my question is for the Minister of National Defence.

Yesterday, we witnessed a first in Canadian history. The chairman of an inquiry accused the government of political interference and clearly indicated he cannot hear all the witnesses, as the government is misleadingly suggesting. The minister can no longer provide meaningless answers, which are just a smoke screen used because an election is in the not too distant future.

How can the minister still deny that the true reason why his government wants to end the inquiry's mandate is because the inquiry was about to question senior public servants and top military officials about their involvement is this coverup?

*Oral Questions*

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I cannot presume, as does the hon. member, that the inquiry was about to question anyone in particular. Indeed, the inquiry has always decided who it would call to testify and how it would proceed.

• (1445)

I made reference to a document sent to Privy Council by the inquiry, in which it is said that the commissioners' preferred scenario would have been for the Somalia inquiry to continue until the end of May 1998, with the report being completed only by the end of that same year.

It would be pure speculation on my part to try to guess who was going to be called to testify, given that, in a two-year period, the inquiry heard over 100 witnesses and apparently did not see fit to call those whom the hon. member thinks it should have heard.

**Mr. Pierre Brien (Témiscamingue, BQ):** Mr. Speaker, the minister's answer is close to demagoguery. He is well aware that, if the inquiry was not able to hear all the witnesses, it is because of the delays, the problems created by his department and the army's top brass, who never co-operated with the inquiry, who did everything possible to interfere with it, and who never gave it the required support.

The minister is a man of experience and he knows full well that, the higher you go, the closer you get to the government. Are we to understand that, if the government interfered in such an unprecedented manner to put an end to the inquiry, it is because the Prime Minister and the minister felt the commissioners were getting dangerously close to their government?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, as is often the case in the House, I will certainly give the benefit of the doubt to the hon. member. It is not the first time that we put an end to a inquiry's mandate, even though I know it takes time to conduct an inquiry and to find out what happened.

As I said, it is not the first time, but we will let the hon. member get away with his erroneous statement, because I know he did not make it in bad faith. He simply does not know any better.

But, to answer his question, nothing prevented the commissioners from setting up their own agenda. While there may have been delays in providing information, nothing prevented the inquiry from calling on any witness to answer questions.

Let us not forget that the mandate of the Somalia inquiry was extended three times. The last time, the inquiry even told the government it would table its report before the end of June. We agreed three times. Now that we say it is time to complete the job,

the hon. member calls it political interference. It is fine when we say yes, but it becomes political interference when we say no.

[English]

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, yesterday the defence minister said the Somalia commissioners should not have accepted the job if they could not get the job done. Yet it was his government that allowed the shredding of documents, lying to the military police—

**The Speaker:** If I understood the hon. member correctly he used the word lying. I would like him to withdraw that word now.

**Mr. Ramsay:** Mr. Speaker, I withdraw that word.

**The Speaker:** I would ask the hon. member to please put his question.

**Mr. Ramsay:** Mr. Speaker, yes. It was under the watch of this government that these incidents took place: the shredding of documents, the misleading of military police. My question is directed to the Minister of National Defence. What are the Liberals trying to hide?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I can assure my hon. friend that if I was trying to hide something from the hon. member and his friends, it would not be nearly as difficult as putting a needle in a haystack because I do not think they could find anything that was right in front of their very noses.

The hon. member raises this question and says that the alleged shredding took place under the watch of this government. The shredding that allegedly took place which was referred to by the former prime minister took place while that person was minister of national defence.

• (1450)

The incidents in Somalia and much of what the hon. member alludes to happened while a previous administration was in charge of the affairs of the country. But we are not going to slough that off. Maybe the hon. member thinks that I am spending my time in the House and working as the Minister of National Defence to protect members of a previous administration or people who have gone on to other walks of life.

What the government is trying to do is to clean up a mess, one of many, that occurred while the previous administration was still in power. We have not been perfect in getting it done. I would agree to that. But it is a long way from the total lack of understanding and comprehension of the events and the facts that the hon. member and his colleagues so abominably display in here nearly every day.

**Mr. Jack Ramsay (Crowfoot, Ref.):** Mr. Speaker, shutting down the inquiry at this stage is like shutting down a court case before all the evidence is in and asking the judge to render a verdict.

*Oral Questions*

The Somalia commissioners stated publicly that they have completed some 90 per cent of their work with only 10 per cent left to go. Whatever that percentage is, it involves the high level cover-up and whitewash of the murder of the Somalia teenager. The Liberals have slammed the door on the inquiry just when it was getting to their friends, the bureaucrats and cabinet ministers.

With only 10 per cent of the work left to be done, who is the defence minister trying to protect?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, what we will have to do, I guess, is draw pictures to make sure that the hon. member and his colleagues will have some understanding of what is going on.

I have on two occasions during question period referred to a document provided by the commissioners last fall, in 1996—

**Mr. Ramsay:** Table it.

**Mr. Young:** I have not got the pictures drawn yet, so I will not table it until I can make sure they can understand it.

The document says that the most desirable or optimum scenario would result in the completion of hearings by May 1998, followed by a four to six month period thereafter for the production of the final report.

We are just coming up to two years. Even the hon. member can do this. There are 12 months in a year, there are 52 weeks in a year and so forth. He would probably understand that, even on the basis of the document provided by the commissioners, it is not 10 per cent of the work that remains to be done, they are barely half way through it. That is what the hon. member does not understand.

We are not interested in a historical document. We want to be able to deal with the real problems and challenges facing the Canadian forces today, not in the year 2000.

[*Translation*]

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, the government has always defended itself by saying that the events and the revelations brought to light by the Somalia inquiry took place under the Conservatives. As the inquiry moves along, however, it is focussing more and more on the more recent role of senior Armed Forces staff and senior officers in this matter. And that it what is bothering the Liberals.

Since we now know that the inquiry wanted to get to the bottom of the cover-ups that went on in 1995 and 1996, are we to assume that the Minister of Defence put an end to the Somalia inquiry because it was starting to get interested in what happened under the Liberal government?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** No, Mr. Speaker. The reason behind the government's decision is that, after three extensions to the mandate, the time had come to ask the commission of inquiry to produce its recommendations and conclusions.

We felt that an inquiry created in March 1995, which had been given an initial mandate to finish up by the end of December 1995, and had been given one extension and then another, ought at some point to terminate its activities.

It was very important to the Canadian forces, and Canada as a whole, to ensure that lessons be learned from what we found out in Somalia, what happened before we went to Somalia, the incidents that occurred there, what was done after that—and everyone agrees that this was not acceptable—and to ensure that steps are taken promptly to change the behaviour of the Canadian forces as well as the way the bureaucracy reacts under such circumstances.

• (1455)

If the hon. member is interested in having an inquiry that was going to run for another four, five or six years, that could be interesting from a historical point of view, but it would be of very, very little value from a practical one.

**Mr. Jean H. Leroux (Shefford, BQ):** Mr. Speaker, what we have always asked the government for was a reasonable time frame.

The Somalia inquiry will go down in history as an unfinished investigation. The intention was to get to the bottom of the matter in order to rebuild the Canadian forces. We will have failed to do so.

How can the Prime Minister speak of the integrity of his government, when that same government is putting an end to the Somalia inquiry when it started to get too interested in the actions of his government?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, I have always had great confidence in the judgment and fairmindedness of the Canadian people.

I believe that most people will agree with me that, when reference is made to integrity, especially in recent days, there is nothing the Bloc Québécois can teach us.

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[*English*]

**HOUSING**

**Mr. Pat O'Brien (London—Middlesex, Lib.):** Mr. Speaker, my question is for the Minister of Public Works and Government Services. The government is involved in important negotiations with all the provinces concerning housing.



*Oral Questions*

Will the minister assure my constituents in London—Middlesex and all Canadians that the government will insist on the protection of all existing rights of people living in co-operative housing before it agrees to transfer administrative responsibility to the provinces?

**Hon. Diane Marleau (Minister of Public Works and Government Services, Lib.):** Mr. Speaker, absolutely. The government will respect all of its commitments, financial and other, in social housing. We are not getting out of social housing. We continue to spend approximately \$2 billion a year on social housing.

The purpose of the transfer of administration is to end overlap and duplication, therefore freeing up more dollars for social housing.

As a condition, before provinces get to sign an agreement, they will have to agree to respect national principles. More important, they will have to adhere to a strict accountability framework in order to ensure that those dollars continue to be spent to help those in need of housing.

When it comes to co-op housing—

**The Speaker:** The hon. member for Prince George—Peace River.

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**SOMALIA INQUIRY**

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, Justice Létourneau, not Reform, accused the Prime Minister and the defence minister of political interference.

He said that he did not know what the political motivations might be for the government shutting down the inquiry and whitewashing the truth. There was a murder, a cover-up of the investigation, a whitewash and now, a cover-up of the cover-up: all conducted under the very nose of the government.

What is the government trying to hide?

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, the hon. member is aware that in mid-September the hon. leader of his party asked the Prime Minister to guarantee that the commission of inquiry report before the federal election.

He did not talk about hearing all the witnesses. He did not talk about getting all of the truth. He did not talk about making sure that every inch of it was looked at. He simply asked that the Prime Minister of Canada guarantee that the commission of inquiry report before the next federal election.

What was his motivation at that point?

**Mr. Jay Hill (Prince George—Peace River, Ref.):** Mr. Speaker, perhaps the defence minister's helmet is a bit tight. Let us be

very clear on what we are talking about here. We are asking about evidence that suggests a cover-up of a murder at the highest possible levels.

What does the government have to hide? Why is it afraid of the truth coming out?

• (1500)

**Hon. Douglas Young (Minister of National Defence and Minister of Veterans Affairs, Lib.):** Mr. Speaker, if the hon. member somehow has been kept in the dark about the incidents in Somalia that resulted in the death of Somali citizens then he obviously is very much out of touch.

Most Canadians understand and deplore what happened in Somalia that has led to all of this problem. What we are particularly concerned about and I believe what Canadians are concerned about is that as intolerable as these incidents may be there is always the possibility in the kind of environment that military organizations function that terrible situations will occur.

We are aware that the organization and institution did not respond adequately. That is why by March 15 and by the end of March in terms of making it public we will have gone to great lengths to review the military justice system and the capability of the Canadian forces to investigate itself. What is very important is to ensure that this kind of situation does not occur again.

**An hon. member:** Oh, oh.

**Mr. Young:** I know the hon. member is not interested in the facts but at some point—

**The Speaker:** The hon. member for Saskatoon—Clark's Crossing.

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**CHILD POVERTY**

**Mr. Chris Axworthy (Saskatoon—Clark's Crossing, NDP):** Mr. Speaker, my question is for the Minister of Human Resources Development. It concerns the proposed child benefit.

He knows that this proposal will provide dollars to the provinces in the hope that they will pass those dollars on to poor children. He knows that child poverty has got worse under the government and that the Minister of Finance has called it a national disgrace.

The minister has no guarantees from the provinces that they will use these dollars to alleviate child poverty. Nor has he sought them.

Why does Minister of Human Resources Development not ensure that the child benefit is a true national program with national standards so that poor children in Canada, no matter what province they live in or whether or not the province cares about children, will actually receive the benefits in question?

*Supply*

**Hon. Pierre S. Pettigrew (Minister of Human Resources Development, Lib.):** Mr. Speaker, I thank the member for his very interesting and extremely important question. I agree that the government is very much involved with alleviating the situation of children living in low income families.

I reassure the House we will make absolutely clear that this is a national project. We will be working with the provinces and the federal Government of Canada will have a platform. The provinces have committed that any money which would be freed up from the new federal platform would be reinvested in services for children living in low income families in all provinces of Canada. We will be renegotiating with them to put together a reallocation framework. I trust they will work very well with us.

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[Translation]

**BUSINESS OF THE HOUSE**

**Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ):** Mr. Speaker, may I ask the government House Leader what the business of the House will be for the days to come?

[English]

**Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.):** Mr. Speaker, I would like to inform the House of the business for the next week as well as to give it some sense of our priorities for the month of March.

Monday shall be an opposition day. On Tuesday at 4.30 p.m. the Minister of Finance will present the budget. Wednesday and Thursday shall be the first two days of the budget debate.

I plan tentatively to call second reading of the borrowing authority bill emanating from the budget on Friday, February 21.

I also want to inform the House that it is the intention of the President of the Treasury Board to present the main estimates on Thursday morning.

Our first legislative priority tomorrow and thereafter is the consideration of any amendments that may have been sent from the Senate with respect to Bill C-41, the child support legislation.

The other measures we may expect to consider before the budget include Bill C-17, the Criminal Code amendments; Bill C-46, the legislation regarding access to records concerning sexual offences; Bill C-72, the wheat board legislation; Bill C-79, the Indian Act amendments; Bill C-66, the labour code amendments; and Bill C-23, the nuclear safety bill. Any of the already mentioned legislation not completed this month will receive early attention in March.

• (1505)

The other legislation that will receive priority attention in March includes Bill C-27, the child prostitution bill; Bill C-32, the copyright legislation; Bill C-44, the ports bill; Bill C-71, the tobacco legislation; Bill C-49, the administrative tribunals bill; Bill C-67, the competition legislation; Bill C-69, the income tax amendments; and Bill C-74, the environment bill.

We would also like to deal with the Canada-Chile free trade bill introduced yesterday and the financial institutions bill to be introduced tomorrow as well as Bill C-62, the fisheries legislation.

If Bill C-49 respecting reproductive technologies, Bill C-55 respecting high risk offenders and Bill C-65 concerning endangered species are reported from committee in time, they will also receive priority treatment.

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**POINTS OF ORDER**

## REQUEST FOR PRODUCTION OF DOCUMENTS

**Mr. Ray Speaker (Lethbridge, Ref.):** Mr. Speaker, my point of order is based on practice and precedent and may refer to article 438 of Beauchesne's. It is with regard to the minister of defence during question period referencing material that was sent from the commission of inquiry relative to Somalia to the Privy Council. The minister read extensively from that document.

I believe practice and precedent indicate that the document should be now tabled in the House for the surveillance of not only members but the general public.

**The Speaker:** The hon. member quite rightly points out that it is tradition where a document has been quoted from directly for the House to ask and expect the document to be produced.

I will take this as notice from the hon. member and when the minister of defence is in the House next we will ask him for the production of those documents.

**GOVERNMENT ORDERS**

[Translation]

**SUPPLY**

## ALLOTTED DAY—FEDERAL TRANSPORTATION POLICIES

The House resumed consideration of the motion.

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, as you know, we are discussing the motion presented by the hon. member for Kootenay West—Revelstoke, asking the House to condemn the transportation policies adopted by this government. "Condemn"

may be a big word, but we can at least censure or severely criticize the policies of the federal Department of Transport. It is a pleasure to realize I will command the attention of the Minister of Transport himself, who is across the way from me.

Before question period, I touched on two subjects, and I have two left. They specifically concern the people in my riding as well as railway transportation.

I will illustrate the bankruptcy of the Liberal government's transportation policy, using examples that occurred in my riding, and I will start with the loss of jobs. My riding has a major railway centre called Charny. In fact, the name was selected to underline this community's strategic location as a railway crossroads.

• (1510)

Over the past three years, CN's privatization and cuts have meant the loss of 100 out of a total of 500 jobs and the closing of one of the three railroad infrastructure repair shops. After we bombarded the Minister of Transport with questions in the House and he spoke to the media, we showed that the number of rail accidents had increased using statistics provided by the office of railway safety of Transport Canada and the department's own figures. The CN agreed to keep the Joffre shop open, but in a different way: by selling it to an Ontario company, CLN.

Thanks to the concerted action of the people of the community, to the interest generated by the media and to pressure on the government and CN, we kept 30 people employed fixing tracks, which are in ever worse shape because of a lack of resources. And now, the resources to maintain them are being cut.

The rehabilitation of the central Quebec rail line, which could have linked Quebec City with the south, is very important to us and to the member for Mégantic—Compton—Stanstead. The economy flows increasingly north-south, and it would be worthwhile rehabilitating this line. However, without the help of higher levels of government, including the federal government, it will be hard to fix what is broken.

Rail lines are being dismantled and abandoned. I would like to ask the minister some questions, but Oral Question Period is over. In my riding, there is an intermodal station in Lévis, which was renovated in 1986 at a cost of \$3 million. Today, CN has sought permission to abandon the line along the St. Lawrence. However, instead of using this line, Via Rail asked for permission to back the train from the maritimes up a distance of three kilometres over the Quebec bridge and then, once the train reaches Charny, it would be backed up again as far as the Ste-Foy station. Meanwhile, they abandon a station that remains in good condition.

I could go on. These are incredible measures since Via Rail, a Crown corporation, is considering abandoning a station on which \$3 million was spent in favour of a new one that could cost \$800,000 or more, because the figure does not include the land.

### *Supply*

This decision should have been made two years ago. However, on February 22, when a decision is to be made, Via will recommend to the Minister of Transport this sort of mumbo jumbo of backing up the train.

I know people in Charny who are railroad experts. They have told me this makes no sense. Do you know that, up to a year ago, an employee caught backing a train up more than 300 metres was liable to a warning, which in certain instances could lead to suspension?

And now freight trains, not passenger trains, would be backed up over the Quebec bridge, for which we managed to extract a bit of money from the federal government for renovation work and which remains the symbol of the decrepit state of federalism in the Quebec City region.

• (1515)

Fortunately, after many efforts by the opposition and by the coalition to save the Quebec bridge, we were finally successful. But the energy required to convince this government to do the right thing is unbelievable.

I am very short of time. Ten minutes is not enough. I have two minutes left to speak to marine policy. All the Liberal candidates promised there would be something for the Magdalen Islands ferry built by MIL Davie. Two years later, they are still bandying around the idea of refurbishing the old ferry still in service.

A summit was promised on future marine policy. Nothing has been done. No policy, no summit, nothing. Not a cent has been spent on defence industry conversion, because MIL Davie was a business that primarily handled national defence contracts. The federal government has not spent a cent on this business, on marine construction. It is obscene, and with the election approaching I would not let the Prime Minister or his ministers take credit for the wonderful things they have accomplished in the area of transportation. Yes, the member for Kootenay West—Revelstoke is right to criticize this government for its failure to act in the area of transportation.

**Mr. René Laurin (Joliette, BQ):** Mr. Speaker, with your permission, I would like to ask my colleague to expand on what he intended to tell us earlier, with further details on the way the transportation sector was managed, especially in his own Quebec City, since he was about to do so when you signalled that his time had expired. I would like to give him this opportunity to fill us in on the missing details.

**Mr. Dubé:** Mr. Speaker, I want to thank the hon. member for Joliette for his interest in the matter. I am appalled to see that the transportation sector does not seem to be very popular. Frankly, it is Thursday afternoon, and many members are in a hurry to leave. Unfortunately, it means that a member of my own party has to ask

*Supply*

the questions. That is a pity. This is a very important subject, and I thank the hon. member for Joliette for his question.

Before the Liberals took office, in the marine sector, under the Conservative government, if we compare spending on marine construction in the maritimes and Quebec, the ratio was 13 to 1, with 1 for Quebec. Of course there was Hibernia. But since the Liberals came to power, not a red cent has been spent by the federal government or the Department of Transport on marine construction. Not one penny.

There is a connection with the defence industry, because marine construction is marine transportation, but also includes ships ordered by the Department of National Defence. One example is the *Preserver*, a supply ship. Two shipyards submitted tenders: Lévis and Halifax. There was a difference, but since this was for repairs, the difference was in the Halifax shipyard's favour.

We asked to see the tenders. We asked the minister and the government but never received a reply, as usual. We used the Access of Information Act and found that 85 per cent of the 435 pages submitted by the bidder had been blacked out, as we saw in the Somalia affair. There was no way to find out the hourly rate or salary. This is an important point.

When we are talking about refitting a ship, we know that it always costs at least twice as much as expected. There are always some surprises. There is a clause called "open and expect". This clause is variable, and it is very important to know the salary, the hourly rate for overtime and how it will be done. So there was no way to get that information.

The only way to get the information, allowing of course for the lag after the election, is that once the job is finished, the public accounts committee headed by the hon. member for Beauport—Montmorency—Orléans, will be able to have access, but only once the invoices are in, which means in about a year and a half or two years.

• (1520)

Until then, there is a total blackout on any information concerning the *Preserver*. Other than that, there is nothing on ship construction.

In the area of transportation, let us add the changes to the Coast Guard. This is a plan the government has found to divide its strengths. The Coast Guard, once the responsibility of the Minister of Transport, now reports to the Minister of Fisheries and Oceans.

In the St. Lawrence Seaway, they want to start charging for ice breaking, and they already charge for navigational aids. Step one: \$20 million more. These charges apply to ships that put in at Canadian ports. But a ship that travelled all the way down the St.

Lawrence Seaway to the United States without ever putting in at a Canadian port would not pay a cent for those same services. Yet we know that the Seaway is operating at a deficit. Because the ship does not put in at either a Quebec port or one on the Great Lakes, it would not pay a cent.

The government's inertia on shipping is scandalous, yet this may be the most economical means of moving freight. What is missing at the moment in Canada is an integrated view of all means of transportation, a national view of transportation.

**Hon. David Anderson (Minister of Transport, Lib.):** Mr. Speaker, it is with great pleasure that I rise in this House to explain the government's policy in the area of transport. It certainly seems necessary in light of the comments I heard. I am surprised to see that the opposition members do not really understand what the transport policy is all about. They do not appreciate the details and how transportation is Canada's lifeline.

[English]

Many hon. members this side of the House have eloquently explained today many aspects of the government's position. I would particularly like to pay tribute to my parliamentary secretary from Hamilton. He has done such an outstanding job with the legislation and in the debate we have just had in putting forward the reasoning behind many of the decisions on transportation. His service in the House and on the committee has been outstanding. He has explained in great deal and with great eloquence the progress that has been made in the House and by the government as a whole outside the House in modernizing the transportation system in Canada.

When we took office three years ago we were confronted with very serious problems in the transportation area. We had a transportation system that was overbuilt, over-regulated and oversubsidized. It was a system that despite previous successes of which there have been many was degenerating to the point where it could become a damaging factor to Canada's economic competitiveness and international trade.

As a result of a far-reaching modernization program which is under way we now have very beneficial effects in the tourism trade and in the job creation area in the transportation field.

The government is basically moving out of operations in the transportation sector which will allow us to focus on the proper role, that of policy making and safety regulation. At the government level, now that we are out of operations and the detail they led to, we can look at a bigger picture which for me means maximizing the benefits of a modernized transportation for Canadians. The benefits can be found in three key areas and our transport system is geared toward these three objectives.

• (1525)

First, we need to use our modernized transportation system to improve our competitiveness in international trade. Second, we need to make sure that our transportation system boosts tourism in Canada. Third, a major interest of the government is using our transportation system to increase and strengthen our links with the Asia Pacific region.

By the end of this century, if I could spend just a moment on the last point, the Asia Pacific region may well be home to 60 per cent of the world's population, 50 per cent of global production and 40 per cent of world trade.

As the Prime Minister has said many times, the Asia Pacific region is important to Canada and Canada is a Pacific nation. This means there are real opportunities for the whole country but particularly in western Canada and in my home province of British Columbia, our gateway to the Pacific region.

We must improve the effectiveness of this gateway and maximize the advantages to Canada of this geographic opportunity. That and the other two objectives I outlined a moment ago work toward the overarching goal of the government of job creation for Canadians.

I will quickly go over the progress in these areas. We have taken major strides in modernizing the transportation system. In the air transportation sector, for example, we are commercializing Canada's federal airports. Under the national airports policy announced in June 1994 we have begun leasing Canada's largest and busiest airports to local control. This policy has been very successful and has been embraced by communities right across the country that recognize the economic potential of their areas depends upon their maximizing the advantages their airports present and in turn having those airports best serve the requirements of their local communities and economies.

To date 17 regional local airports have been transferred to local control and some 40 others are in the process of being transferred. Under the same policy 11 small airports have been placed under local control and a further 23 are in the process of being transferred to the local community.

I found interesting—and I listened with great care—the comments of the opposition with respect to Pearson airport. Thanks to the government's airport policy this airport is now like the other major airports of this country: Montreal, Vancouver, Edmonton, Calgary and others. Thanks to that policy Pearson is now managed by a local not for profit corporation representing local interests of the greater Toronto area.

The Greater Toronto Airport Authority which now runs Pearson recently announced plans to invest \$2 billion in upgrading the airport. This will, in turn, turn that airport into the premier gateway

### *Supply*

for the European traffic of the whole of the central heartland of North America.

I certainly applaud the vision of the airport authority and the energy with which it is applying itself to achieving that goal. I might point out that the investment it has proposed is substantially higher than that which was originally proposed by other airport management groups in the past.

In addition, we have transferred the air navigation system of Canada to Nav Canada, another not for profit corporation. This transaction put \$1.5 billion into the federal treasury to reduce the deficit in that year and the debt as well. Safety will continue to be monitored by Transport Canada. That will be the highest priority of Nav Canada.

Two years ago we signed an agreement with the United States known as Open Skies which created a whole new area of opportunity for transboundary traffic. It was part of our new liberalized air transportation policy that the airlines themselves could choose what cities they would fly between, at what price, at what frequency and at what times. The benefits of open skies have been enormous. In the 14 months following that agreement there was a greater increase in traffic with the United States than in the previous six years.

• (1530)

The agreement has created well over 100 new links between American and Canadian cities. Let me point out it is not just between major airports, but also smaller airports, smaller communities. Cities in the 100,000 to 250,000 population range also are getting the direct links. Indeed some cities that are smaller than that are having direct links established with American cities to the south of the border.

Vancouver and Toronto in particular have benefited tremendously from open skies and the open market that exists now in transborder air travel. Of course, hundreds of thousands, millions of Canadian travellers have benefited as well.

Let us not forget that when I talk of airports, when I talk of airlines, when I talk of rail, when I talk of ships, when I talk of any transportation mode or system, I am talking about the consumer, the user who takes advantage of those systems. That is what the systems are for and why it is so important that they be efficient.

Let me quickly point out that other areas of air travel have come along. I should mention Greyhound which is now flying in Canada and provides low cost travel between Vancouver and Ottawa. That was an innovative proposal put forward by Greyhound and its partner Kelowna Flightcraft Air Charter Ltd. This has expanded travel options and has reduced costs for Canadian travellers throughout the year.

*Supply*

With respect to marine transportation, let me say a quick word about Marine Atlantic. Marine Atlantic is having its subsidies reduced year by year. What was previously an organization which took very large amounts of taxpayers' money is becoming leaner and a great deal more efficient. It is providing equally effective service as it did in the past.

We have taken the strides to modernize the marine sector. I would point out the Canada Marine Act was in this House not so long ago, in fact last year. The Canada Marine Act will implement this country's new marine policy. The policy which was announced in December 1995 calls for the modernization of the marine management and regulatory regime, less red tape and greater efficiency and effectiveness in the marine transportation sector.

It will bring local control, local decision making and private sector involvement to Canada's ports. It is much the same approach as we have taken in the air sector.

The policy calls for commercialization of the operations of the St. Lawrence Seaway. In July last year Transport Canada signed a letter of intent with a group representing the St. Lawrence Seaway's major shippers and carriers. The goal is to establish a not for profit corporation which will operate the seaway more efficiently than the current system. Decisions with respect to the seaway will be made at a level which is more appropriate, namely the users of the seaway, the people who are affected by the operations and the efficiency of the operations and obviously the costs that are charged for use of the seaway itself.

On a separate track I should add we are also in touch with the Americans. We are creating a more efficient binational co-ordination group to manage seaway problems which are of a binational nature. It is my belief that working together Canada and the U.S. can better co-ordinate seaway management, reduce the duplication of facilities and ultimately save both countries, not to mention seaway users, substantial amounts of money.

The marine policy calls ultimately for the modernization of marine pilotage and the commercialization of ferry services.

• (1535)

I mentioned the bill was in the House. I trust it will be back in the House very soon so we can all proceed with it. As there are members of the opposition here, I will say that I really appreciate the work they did at the committee stage.

There were two committee stages for the bill, once before the bill was put in and once after the bill was before them. They worked hard. The ultimate report was unanimous, which shows that we had very good co-operative spirit, which sometimes people watching on television what goes on in this House do not fully understand. At the committee level, my friends in the Bloc and in

Reform get together with friends from this side of the House and work effectively in the interests of improving legislation.

I pay tribute to the opposition members who took part co-operatively, constructively and effectively. When the bill finally comes back and members see it, they will see that the suggestions they have made have been given full consideration in the final writing of the legislation.

I will turn to rail transportation. We must have port activity co-ordinated with transportation that reaches beyond our country's waterways. That means grain transportation in particular, which is often handled by both rail and marine modes of transportation. One reason our government is working so hard to ensure the rail sector becomes more efficient is our concern over the impact of rail costs on bulk users such as those dealing with grain, potash and many other commodities.

The new Canada Transportation Act brought in last year gives railways the flexibility to compete by reducing costly excessive regulation and red tape. The new act cuts the number of railway actions or decisions that require government approval from 200 down to 40. I am not happy with having 40 still on the list. I would prefer to have that number come down even further. Such reduction in red tape, bureaucracy and delay will benefit not only the railways themselves but obviously their customers through lower rail rates.

We will again be looking at regulation in the railways in the year 1999. It is scheduled to take place at that time. Once again I expect we will have a valuable discussion on that in the light of the experience we have gained since the introduction of the new transportation act last year.

The new act shifts the focus from rail line abandonment, which we had in the past, toward the development of a healthy shortline industry. It is not generally known that Canada has some 31 functioning railroads, not just the big two that we hear about. Many of those 31 are small railroads established as a result of a group of local people taking over a line that was abandoned by the majors because with their cost structures it was no longer economic to run it.

Canadian National Railways is now a private and dynamic company. I believe it has the tools it needs to compete. Putting CN in the private sector was a very important step in our plan for modernizing rail transportation. It puts CP and CN, the two major systems, on a level playing field. Most important, it subjects CN to the discipline of the marketplace.

This will help ensure, and I think it will guarantee the survival of the railway. The gross proceeds of the sale of the shares has brought the Canadian taxpayers a little more than \$2 billion. It has similarly reduced the debt and deficit as was the case with the Nav Canada sale.

*Supply*

Much has been made today by my hon. friends opposite about subsidies. I do believe they should check the record of the government over the last three years. Since coming to office we have eliminated close to \$700 million in subsidies to the transportation sector.

As my parliamentary secretary, the member for Hamilton West, so ably pointed out in response to questions and in his presentation to the House this morning, VIA Rail will see its annual subsidy chopped virtually in half by fiscal year 1997-98. I might add, that is substantially less than it was a few years before.

• (1540)

With respect to VIA Rail hon. members should know that I have examined very carefully VIA Rail's application to expand service through the Rocky Mountains. I am well aware of the concerns that have been raised about the possibility of VIA Rail competing with Rocky Mountain Railtours which is a private sector company.

I have listened to and I have read what the members of the Standing Committee on Transport have said on the issue. I have had discussions with my parliamentary secretary on numerous occasions and also with members of the Liberal caucus from British Columbia and elsewhere in the country on the subject. I might add that I have received hundreds of letters from all parts of British Columbia and elsewhere on the subject. I have also met with representatives of VIA and of Rocky Mountain Railtours, both of whom made excellent presentations, both of whom made presentations more than once. I have listened very carefully to all points of view and I will be announcing my decision on the matter very soon.

This country was built by transportation. In the 203 years since Alexander Mackenzie first crossed the continent from Montreal to the Pacific tidewater, we have built this country on our transportation system.

Our government has changed the Canadian transportation system and it has changed it for the better. But one thing will not change. One thing which Transport Canada and myself as the minister put above all others is safety. We not only want efficient transportation systems in every mode, we not only want systems which lock in together in a seamless web, we at every level in every area want to assure Canadians that they have the safest transportation system that we can provide, the safest that is, within all reasonable expectations. That is where we see our role as being critical. I can assure all members of the House that safety will remain Transport Canada's major objective in the years ahead.

[Translation]

**Mr. Antoine Dubé (Lévis, BQ):** Mr. Speaker, the minister had a few good words about the opposition regarding our work on the

committee. I must say that the current Minister of Transport is always very kind and courteous.

The fact remains, however, that some situations can be quite dire. As you know, I represent the riding of Lévis. It saddens me to see a shipyard that once employed up to 3,000 workers, a prosperous industry, the leading shipyard in Quebec, stop building ships because of a decline in shipping. This decline is the result of policies that discourage shipbuilding, the building of a Canadian fleet of merchant ships.

I know this also concerns the Minister of Industry, but why was the promise made in the red book not kept? A Canadian shipbuilding summit was to take place in the first year following the election of the Liberal Party. Why did it not take place?

Why does the government not draw inspiration from American policy, the Jones Act for instance, regarding shipping? Why not follow the same policies as those of other countries, particularly Scandinavian countries, on this subject? Why has the Liberal government not done more for shipbuilding? To this day, it has done nothing.

**Mr. Anderson:** Mr. Speaker, regarding shipbuilding, the hon. member must realize that the Canadian government has had several ships built for the Canadian Armed Forces.

After this program, which involved the construction of 12 ships, was completed, this government went on to have another 12 ships built; these ships were smaller than the big frigates built during the 1980s.

• (1545)

We are continuing this program, which, incidentally, comes under National Defence and not under Transport Canada, as well as programs administered by Industry Canada to ensure a shipbuilding capacity is maintained in Canadian shipyards.

It is true that we do not have the equivalent of the Jones Act he referred to. The Americans themselves are currently considering the possibility that the Jones Act may no longer be relevant, that it may no longer be useful to them or to the merchant navy.

This is a very important issue and I do not think that we can just follow the American example; the Americans themselves may well feel that exportation costs are too high because of the Jones Act and that the time may have come to amend the act.

[English]

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, I appreciate the opportunity to put a question to the minister, specifically with regard to VIA.

The minister said he will be coming to a decision soon. I trust he has given due consideration to the input he has received and that he will make the right decision. In my opinion, that decision is against

*Supply*

allowing VIA to expand to compete against the very company that it sold.

The minister mentioned that he had received a tremendous amount of input. I have seen much of that input. The only input, I believe and understand other than from VIA, which supported this application, is from the CTC which is in an incredible conflict of interest position.

The minister also mentioned that he understands the committee's position. I would like the minister to know the position that the chair of the committee agreed to with the Reform Party. In a message in writing from the chair of the Standing Committee on Transport he states: "As to your suggestion regarding VIA and Rocky Mountaineer I have no problem supporting your request".

A follow up to my request in writing to him states: "that VIA Rail not be permitted to expand its service to compete in any way against the business it sold to the Great Canadian Railtour Company, the Rocky Mountaineer".

In his written response dealing with VIA Rail the chair writes: "I want you to know that I agree with the position that you have advanced on this matter and I will support you when it comes up for discussion in the final report of transportation, trade and tourism. "Furthermore, I have spoken with—and I will not name the member—the parliamentary secretary to the minister who has also agreed to support your position as you have stated it".

I have faith in the wisdom of the minister. I know he will do the right thing. To decide in VIA's favour would be devastating to Rocky Mountaineer, to British Columbia, to the tourism industry in British Columbia and most specifically to the town of Kamloops. I trust he will make the right decision.

**Mr. Anderson:** Mr. Speaker, this is very pleasant afternoon. I have had kind words from the Bloc and now I have the kind words from the spokesman of the Reform Party who says he has faith in the wisdom of the minister and he is certain that I will make the right decision. I can assure him that is true, I will make the right decision. I will make that announcement very soon.

However, I should point out that the chair of the committee, who is a very hard working member from Winnipeg South, is not necessarily speaking for the minister in communications. We like to have free and open discussion in committees, be it my parliamentary secretary or the committee chair or member of the Liberal caucus who happens to be there. We know that members can make up their own minds what they do and how they vote. We have a very loose, open system in the Liberal Party, not one that is dominated by any authoritarian rules. I would be happy to have a

discussion with him face to face rather than through intermediaries at any time that he wishes.

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, the minister in his remarks made reference to Bill C-14 as having made it easier to develop short line railways. We know quite a number of grain dependent subdivisions in western Canada that would make great short lines. However, all that Bill C-14 has done is it has expedited the ease with which railways can do an abandonment.

• (1550)

I do not see where it has helped with the creation of the short line. I would like him to elaborate a little on how short lines will be created, how Bill C-14 helps. In particular, could he elaborate on how potential buyers of short lines are going to be able to deal with the question of successor rights which, right now, is the really big stumbling block?

**Mr. Anderson:** Mr. Speaker, the hon. member has raised a very good question, namely how has the situation improved.

The situation has improved in this way. Previously, before abandonment, with the heavy and very complicated mechanisms that were laid on the railways, they had to show it was an uneconomic route. Once they had showed it was an uneconomic route, sometimes we suspect, occasionally on certain lines they tried to help to make it look bad, no one was interested in buying the short line.

With the new system, there is an opportunity of having the route given a fair chance of being analysed by some potential buyer, being put forward and turned into a functioning railway.

The previous system deliberately discouraged the type of entrepreneurship of which, I hope, the hon. member's party is in favour.

[Translation]

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ):** Mr. Speaker, I thank you for allowing me to put a question to the minister. Unfortunately, I am not as optimistic as he is regarding his government's transportation policy, particularly as regards airports.

I have a concrete example and I would like to get the minister's answer regarding airport transfers, more specifically the transfer of the Sherbrooke airport, in my riding, which has been delayed since the government implemented its new policy. This transfer is simply not taking place, because those who are prepared to take over the airport, and who have already taken steps to that end, are asking that the facilities be in a reasonable shape. In order for these facilities to be in a reasonable shape, they are asking that, before giving up its responsibilities, the federal government provide \$1 million in assistance to repair the runway.



*Supply*

My point is, and I will conclude—

**The Deputy Speaker:** I am sorry, but your time is up. I must give the minister time to reply.

**Mr. Anderson:** Mr. Speaker, it is true, the pessimists are on the other side of the House, and the optimists are here on the government side.

With respect to small airports, such as the one at Sherbrooke, that is what we want to do, to run airports with local input, which is very important, local enterprise, and local energy from the people on site. That is very important.

As for money, we have set aside several tens of millions of dollars, approximately \$35 million in all, I think, for the transfer of airports. Yes, there are times when people from the region, the particular city, say that \$10 million is needed. The department says that is a bit too much, that it can give a lower amount.

These are the negotiations we go through for each airport. It depends on the condition of the airport, and also on what was spent in previous years. Often an airport is in very good condition, and the last time any money was spent on it was maybe ten years ago.

What is needed is to look closely at each airport, and we must have some flexibility in our approach. But I can assure you we have transferred several airports.

[*English*]

**The Deputy Speaker:** The hon. member's time has expired.

**Mr. Lee Morrison (Swift Current—Maple Creek—Assiniboia, Ref.):** Mr. Speaker, I will be dividing my time with the member for Comox—Alberni. Unfortunately that will only give me 10 minutes to discuss a national transportation system in shambles. I will not bother to get into the question of the Pearson airport mega-mess or the St. Lawrence pilotage rip-off. Instead I will deal with two problems which are of immediate interest in my specific riding, Swift Current—Maple Creek—Assiniboia.

• (1555)

The most pressing is the sudden, unexpected shutdown of most of our branch railway lines. Early this month the two railways announced that service would be suspended on almost all branch subdivisions in western Canada, including nine in my riding with 600 miles of track. Actually this was a bit anticlimactic. They said that there would be no service for three weeks, with those three weeks to expire some time around the end of this month, but service had been de facto abandoned on several of these lines for three weeks before they had even made the announcement. We have rarely seen a train since Christmas time.

Right now west coast grain shipments are at their lowest level in over a decade. Forty-six ships are sitting at the west coast waiting for grain. They are rolling up huge demurrage charges. Some of them have actually been there for a month. It is the farmers, the

producers of the grain, who are going to have to pay for all those demurrage charges which at this point have already reached about \$15 million.

This morning the minister of agriculture admitted that it is unfair that farmers have to carry the entire demurrage burden. Unfortunately, as is his habit, he did not offer any solution to the problem which he had identified. He always gets half way there. He says: "Yes, there is a problem. Yes, we will deal with it", but when an interested party says: "But Mr. Minister, will you please tell us how," he suddenly loses his renowned eloquence.

The minister of agriculture loves meetings and he loves reports which he can ignore if he so chooses but he has little taste for constructive action. He is having another soiree tonight in Calgary. This will probably result in yet one more stillbirth.

What is the problem? That is probably what they are going to try to figure out at this meeting tonight. According to the railways the problem is that they are short of locomotives. If this is true, I would suggest that perhaps usurious provincial and federal taxes and silly requirements for locomotives to be depreciated over a 21 year period could have something to do with it.

However, locomotives can be rented. I understand the CPR has rented some. But it was poor planning on the part of both the railways and the Canadian Wheat Board that got them into the bind that they are in right now. We cannot blame it on the weather. Yes, it has been a hard winter. We have a lot of hard winters. They should have had their act together months ago and they should be sitting panting at the bar ready to go again. But they have completely mismanaged the system. That is why 46 ships are sitting in Vancouver harbour.

It is not just demurrage that the producers are going to lose. They are also going to lose about \$50 million because of the falling markets that they are going to get into by being unable to ship right now.

A lot of this is due to historic inefficiency. We know that. But these historic inefficiencies are not addressed in the new amendments to the Railway Act, Bill C-14. There is nothing there to prevent this sort of thing. There is no pain or penalty to the railways if they do not organize their business and get the grain out when the ships are sitting there waiting for it. They get their money regardless of when they ship. They could haul that grain a year from now and they would still get the full freight rate on it. There is no pain, no penalty.

• (1600)

The Minister of Transport and the Minister of Agriculture and Agri-Food have referred to short line railways. There is only one short line in Saskatchewan and that is in my riding. It is operated as co-op. It does a good job because the producers run the thing themselves. They are not stuck with the costs of picking up union successor rights from previous operators. But thanks to the successor rights it would be difficult, if not impossible, for small

*Supply*

corporations specializing in the business to operate these subdivisions which are now at risk.

A few minutes ago when I asked the Minister of Transport about this issue he neatly ducked and dodged and did not reply so to date I have not had an answer. I do not know what the intention is.

**Mr. Hermanson:** They may not have a plan.

**Mr. Morrison:** My hon. friend says there is no intention, they do not have a plan.

I would like to shift gears to another problem in my riding and that is the deterioration of the national highway system. Members opposite beat their breasts about our national obligations to bind this nation together. However, when we start talking about the national highway system, they retreat behind spurious claims that highways are solely a provincial responsibility. That is a red herring. Most highways are provincial responsibilities but the national highway system is a joint federal-provincial responsibility. It is national and I will provide a dictionary for any Liberal member who does not know what a national highway system is.

In my riding of Swift Current—Maple Creek—Assiniboia, a 113 kilometre stretch of the wonderful Trans-Canada highway from Gull Lake to the Alberta border is winding and hilly. It has not been twinned. Since 1979 that short stretch of road has claimed 31 lives. There has not been a year when someone has not been killed on that little stretch of road. There have been more than 350 personal injuries.

I live very close to that highway. I never, unless I have no choice in the matter whatsoever, drive it in bad weather or at night because it is a death trap.

This morning the minister of agriculture made reference to his claim that the province of Saskatchewan has never asked to have that particular piece of highway twinned. I presume he also meant the section from Indian Head to the Manitoba border. That is nonsense.

In the fall of 1994 the department of highways of Saskatchewan had its money on the table to pay its share of the \$35 million cost of twinning that one little section of highway in my riding and the federal government, after saying it would do it, reneged on its promise. What else is new?

Then the minister of agriculture decided that we should debate Saskatchewan highway conditions, not the national system, but Saskatchewan. He said that no highway work had been done in Saskatchewan since the Liberal government of Ross Thatcher 25 years ago. I wonder if he ever heard the expression, Thatcher's

patchers, which is how they referred to the Saskatchewan department of highways 25 years ago.

Yesterday's committee report confirmed what Canadians already know: the Trans-Canada highway system is substandard. The government collects billions of dollars in fuel taxes and yet last year it could only find \$292 million for the entire national highway system from sea yea unto shining sea. This is chippy. This is unacceptable.

• (1605)

**Mr. Gordon Kirkby (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.):** Mr. Speaker, I am happy that the hon. member for Swift Current—Maple Creek—Assiniboia is defending the NDP in Saskatchewan. The Reform and the NDP in many ways seem to get along quite nicely.

He is decrying the fact that the federal government has spent \$292 million, or whatever the figure is, on highways. I wonder where he would get the money, seeing as the election promise of the Reform Party is to cut the deficit to zero in three years. How would he come up with more money for highways?

**Mr. Morrison:** Mr. Speaker, I am glad he asked that question. If he would read the fresh start program he would see where we would cut \$15 billion of unnecessary government spending.

To cover the \$292 million by a multiple of three, I will give him two highly desirable cuts. One would be to stop giving money away to Liberal friends like Bombardier. That would amount to \$87 million. The other one would be to privatize the TV portion of the CBC. That would amount to at least \$700 million. We are already over the threshold, so I do not need to get into the entire \$15 billion.

As far as me being a defender of the NDP, I am a defender of my province, unlike the hon. member opposite who is also from Saskatchewan but because he is a member of the Liberal government has forgotten it.

**Mr. Bill Graham (Rosedale, Lib.):** Mr. Speaker, I listened with interest to the hon. member's observations about 46 ships in Vancouver harbour running up demurrage charges. We all agree that is a very unfortunate situation.

I was curious, given his known propensity for privatization and for respecting private industry as a way of dealing with these issues and his reticence to have subsidies deal with them, exactly what he would propose to enable the railways to move the grain faster, without giving them a subsidy.

He seemed to suggest that the legislation should impose huge penalties on the railways, as if they were not already being penalized by the fact they are not getting the grain to the harbour. I

am sure that if we asked a railway person they would say that they are anxious to move it because they could make more money by doing that.

What exactly is the member proposing as a concrete solution to this problem which would not involve either a subsidy or some form of government interference in private industry which he generally finds so offensive?

**Mr. Morrison:** Mr. Speaker, I am sorry, but the railways are not paying any penalty. That is the problem. They have a captive market. They can haul grain at their leisure, whenever they please. They are not going to lose a dime. If that grain does not get hauled until the next crop year, which is a possibility, they will still get their full tariff. The farmers will lose not only through demurrage charges, but also because they will have declining markets as they get into the new crop year. They will lose about \$50 million in revenue as well.

If there were contractual arrangements which obliged the railways to move the grain according to a specified time, then there probably would not be a problem. That would be an incentive for them to get their act together.

It is a regulated industry. We say it is deregulated, but there is a freight cap. It is a semi-deregulated industry.

• (1610)

**Mr. Bill Gilmour (Comox—Alberni, Ref.):** Mr. Speaker, to bring the House up to speed, the motion we are debating reads:

That this House condemn the government for its approach to federal transportation policies, and in particular, the cancellation of the Pearson airport deal, the continued neglect of Canada's national highway system, costly inefficiencies in the grain transportation system, and the ongoing subsidization of VIA Rail at the expense of taxpayers and private sector passenger rail and bus operators.

My colleagues have dealt in depth with Pearson. I would like to deal with some of the areas within the national highway system and some of the VIA Rail issues.

I do not think we have to travel very far across this country, in whatever province we are in, to recognize that the national highway system is in a mess. It needs to be addressed but that is not being done.

I would like to take the time to compare our highways to the American model. Anybody who has travelled in the United States recognizes that its highway system is excellent. It is superb. Why is that? The American system is excellent because they dedicate fuel tax revenue to the highway system. I believe that is a notion that needs to be looked at because in Canada the fuel tax revenues go into a big bin and governments, being governments, tend to draw it out. We are now in a huge mess financially because no directions are given to the government.

### *Supply*

If one or two cents per litre of gas was dedicated back into the highway system we would get what the driving taxpayers want, their taxes going back into the highways that they finance.

Another area of concern in British Columbia is the B.C. ferries. People have to pay to take the ferry from the mainland to Vancouver Island. It is paid for by the B.C. taxpayer and the province of British Columbia. The real rub is that people are saying: "This is part of the national highway system". Highway 1 goes across to Vancouver Island. It does not even cross Vancouver Island, it goes to Victoria whereas the west coast is Tofino. It truly is not a Trans-Canada highway because it does not go to the west coast. There should be some form of revenue to address British Columbia ferries, which is a huge ferry fleet simply because we live in a maritime climate.

I could go on and on, but I want to leave some of my time to address VIA Rail. My colleague has addressed the situation where Rocky Mountaineer was sold to a private enterprise company which has been extremely successful and is doing very well. What is going to happen or potentially happen is that the government, through VIA Rail, could go into competition with the very outfit that it sold.

What have we got? We have a private enterprise that bought a business and has done extremely well in turning it around. What is the government going to do? It is now going to go into competition with it with taxpayers' dollars. That is absolutely wrong.

My colleague mentioned that the chair of the Standing Committee on Transport agrees with my colleague that the government should not be going into competition. He stated that in writing. However, the minister, just a few minutes ago, stated that the chair for the transport committee does not speak for the minister. I find that rather odd because whenever a Reformer says something, boy, we speak for all Reformers. However, when it fits the government, it says: "No, this really is not going to fit. The fellow was just speaking out of context". That just does not fit.

I hope the minister sees fit to make the right decision. I would also like to remind the minister that we are going into an election. The transport minister is the key minister for British Columbia. If he is going to wander into an election abandoning British Columbia, he will pay the political price. I would just like to remind him of that.

Another area I would like to deal with concerns the Esquimalt and Nanaimo Railway in my riding. A little history is required here. VIA Rail runs it at the moment but the E and N Railway goes back to 1883 when British Columbia was entering Confederation. It was part of the Trans-Canada Railway, part of bringing the rail head to the west coast.

*Supply*

• (1615)

The original E and N Railway was to go across Seymour Narrows and down Vancouver Island to Victoria. That was changed and almost caused British Columbia to withdraw from Confederation. The terminus was changed from Victoria on Vancouver Island to Port Moody on the mainland.

Representatives of British Columbia went to Queen Victoria and said: "This is a key issue. If the terminus is going to Port Moody we are considering withdrawing from Confederation". British Columbia did stay in but it was a key issue.

The E and N Railway was built in 1883 by the Dunsmuir family. It went from Victoria to Nanaimo. In 1912 it was extended from Nanaimo to Courtenay. The key point is that CPR bought out the E and N Railway in 1905.

Part of condition of building that railway was huge land grant, two million acres of timber and land. To give a rough idea, it is a stretch of land about 150 miles long by 30 miles wide. This tremendous chunk of ground was deeded to E and N and hence CPR.

CPR, through VIA, does not run a decent railway on the island. Islanders are saying: "Come on, there is a wonderful potential for tourism". Actually rail freight works fairly well, yet the federal government and the British Columbia government do not have the political fortitude to pressure CPR to run the service well. CPR pops it off on to VIA but the point is that CPR received a huge land grant, a fantastic opportunity. It took over a billion dollars worth of timber through the years. They have sold through their Marathon Realty Agency a fantastic amount of real estate and it loses money. It loses \$2 million to \$3 million a year. That is why it got the land grant in the first place. The government must force CPR through VIA to run a decent railway.

CPR's point of view is that it needs a subsidy, some more money. The minister was talking about a VIA subsidy. In my mind not one cent of subsidy should be going to the E and N Railway because it was dealt with in the land grant. The Supreme Court has said the E and N Railway does not constitutionally entrench British Columbia, that British Columbia did not enter Confederation as part of the railway. That was dealt with by the Supreme Court. It was a side issue.

The contractual issue still remains. The contractual issue is that CPR must run that railway successfully through VIA. Yet the government refuses to push CPR. I wonder why it will not do it.

I would like to leave some time for questions and comments. However the issue my colleague was addressing about the Rocky Mountaineer is heated by today's discussions. The minister must make the right decision. The government cannot sell off a railway to private enterprise and then turn around a few years later and

have VIA Rail compete against that private enterprise using taxpayers' dollars.

Therefore I would like to move:

That the motion be amended by adding immediately after the word "operators" the following:

"and most specifically, even considering allowing VIA Rail to re-enter the market to compete against the business it sold to the private sector".

**The Acting Speaker (Mr. Milliken):** The resuming debate will be on the amendment.

• (1620)

**Mr. Geoff Regan (Halifax West, Lib.):** Mr. Speaker, I will be splitting my time with the hon. member for Leeds—Grenville.

I am pleased to rise today to participate in the opposition day debate on federal transportation policies. The government clearly outlined the role of the federal government through the 1994 national airports policy and set itself to ensure provision of a safe, efficient, accountable and locally sensitive airport network.

The first objective of the national airports policy is to maintain the existing high levels of safety at Canadian airports. The first order of business of anybody concerned with the air transportation industry is safety. The government is accomplishing this by focusing on the careful certification of all airports and the development of regulations after thorough consultation with the industry and by establishing the airports capital assistance program to ensure the provision of some capital at the local communities that might not otherwise have been able to provide the necessary safety infrastructure.

The second objective is to ensure the efficiency of the airport network across the country. The ability of Canadian business to get to market, the need for Canadians to travel the country and the accessibility of the transportation network to tourism interests all call for an efficient network of airports.

The government has accomplished this goal by ensuring the operation of the country's larger airports, the national airport system, through the operation of Canadian airport authorities; by recognizing that the location of smaller airports is more of a regional nature and more of a regional matter; and by recognizing local and regional governments are better able to make appropriate decisions concerning regional and local airports.

The federal government is phasing out its operation and subsidy of such airports over five years to ensure an orderly transfer of responsibility. It has ensured efficiency by establishing annual cost reduction targets for every Transport Canada airport for as long as they were operated by Transport Canada.

Efficiency improvements were required and the national airports policy implementation is well along to achieving its goal of at least \$100 million in annual savings by the year 2000. In addition,

airport charges are based on local site specific forecasts bringing the discipline of user pay user say to the operation of Transport Canada operated airports. This has been done over a four-year period in a time phased fashion to ensure time for adjustment.

[*Translation*]

The third objective is to get the authorities responsible for managing airports to be as accountable as possible for their activities. There is some degree of competition between airports, whether within Canada or for transborder traffic with the U.S., but we all acknowledge that the airports may have a considerable monopoly.

In Canada, we have chosen not to regulate airport charges, but to ensure that the communities are aware of what is being done, via organizations with jurisdiction over this, and via good administration.

My hon. colleague, the Minister of Transport, has adopted a broader range of stringent principles of accountability for Canadian airport authorities, in order to ensure the transparency of decisions taken via appointments to committees, public meetings, operational audits and financial reports.

• (1625)

These changes will be included in current leases when they are modified: to ensure that the local authorities responsible have the opportunity, first of all, to assume ownership and operation of their regional, local or small airport; to support the continuation of airport operating committees made up of airport users, as was the case with airports operated by Transport Canada in order to ensure that local decision makers receive concrete feedback from users.

[*English*]

The fourth objective is to improve the sensitivity of airport management to local needs. Decisions made in Ottawa, however well intentioned, cannot take the full range of local conditions into account. Any responsible government has to look at an airport from a transportation perspective. Local communities can incorporate tourism objectives or other local priorities. Local communities will decide in conjunction with airport users what level of service best suits that community.

In addition, the federal government has undertaken to ensure a provision of airport services to remote communities where the federal government has an existing involvement and there are no alternative forms of access.

We are doing more for airports and the Canadian air transportation industry to implement a successful national airports policy.

### *Supply*

Canadian airports will benefit from the new Open Skies agreement. Results to date have been as follows.

The number of services and the total seat capacity in the trans-border market are up substantially. Competition has increased and Canadian and U.S. airlines are participating almost equally in the growth. Seat capacity has increased faster than traffic but this was to be expected in the early development of markets.

Business, tourism and trade interests of Canada and the U.S. are far better served than they ever were before and the greater activity permits more economic development in and around Canadian airports. Traffic improvements are not all due to the Open Skies with the U.S. Canada's airlines and airports are also benefiting from a number of recent successes in the renegotiation of international bilateral agreements, that is to say new or amended agreements between Canada and Japan, the Philippines, Malaysia, Korea and China.

[*Translation*]

Canadians' degree of confidence in the new methods of airport administration set out in our national airport policy can be gauged by the rate at which communities are taking over administration of their airports.

The figures speak for themselves. Today, more than 80 per cent of Canadian air passengers use airports that have been turned over to the community. By the end of 1996, the current government had turned over, or was nearly finished the process of turning over, 52 airports, including the national airports in Toronto, Winnipeg and Ottawa, 26 regional and local ones, 12 small ones and 11 Arctic airports.

By next March, the total will be 75, which represents a vote of confidence by numerous Canadian communities. I am sure that the process will continue and communities will continue to take over administration of their airports.

[*English*]

The government prefers that our largest airports be operated by not for profit organizations. This approach has proven its worth in Vancouver, Calgary, Edmonton and Montreal. These airports are pursuing their commercial potential by using innovative financing for capital works.

The new Vancouver international terminal and runway, the improvements to Calgary and its successful management of a high rate of growth, the focusing of Edmonton's scheduled traffic at the international airport and the improvements to the airports in Montreal, all attest to the success of the airport authority model in the management of major airports.

*Supply*

• (1630)

As the member for Halifax West, I look forward to that kind of success once the Halifax international airport has completed its negotiations to move to a national airport authority.

The national airports policy is a success story of the federal government. I am advised as we approach the end of fiscal year 1996-97 that we are ahead of the track set in 1994 to achieve the goal of at least \$100 million in annual savings by the year 2000. This national airport system continues to play a vital role in the growth and development of Canada.

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, it was enjoyable hearing the hon. member give us his thoughts on the Liberal policies on the national airport program.

No doubt the hon. member has heard the word skimming before and is well acquainted with the meaning of the word skimming, to take something off the top. With regard to the national airport program, the program he says is doing so well with these 26 national airports, is he aware that some of those national airports are already financially insolvent? They are financially insolvent because of the fee the federal government collects from them. That fee structure is based on deemed revenues and deemed profits, not what they really make. The government said: "We will calculate it based on this projection and that projection, you will bring in this much money and it will in turn give you this much profit and we want it".

At least two of the airports, Calgary and I believe Edmonton, are already financially insolvent. The hon. member mentioned Halifax. Halifax is well aware of this and has hired the same financial consultants because they know that this is an absolutely unworkable formula.

With regional airports, which the hon. member also mentioned, there is another form of skimming. I will use my province of British Columbia as an example but this problem exists in every province. My home airport, Castlegar, feeds six flights a day to Vancouver and two flights a day to Calgary. The same thing happens throughout my region, at Cranbrook, Penticton, Kamloops, Williams Lake and all those other airports. The big airport that is part of this national airport plan, Vancouver airport, relies on these small airports.

In the case of Castlegar the federal government used to spend \$800,000 a year to operate Castlegar bringing in only \$300,000 in revenues. The government says: "We still need the flights coming from Castlegar because that is what makes our national airports work, but we are not going to give it any funding. We will help it if it needs to rebuild a runway or a taxiway, but in the general day to day operation of the airport, even though it was costing us 100 per

cent more than the revenues, we will not give any money. We will phase it out and make it stand on its own".

That is not turning it over to local decision making; that is turning over financial burdens. The government should have allowed a larger portion of the profits coming from the national airports that make huge profits to be put into the regional airports on which the national airports rely to supply them with passengers. Likewise the federal government has to redo its formula to ensure fairness for the national airports so that they can survive and grow so that we will have as good a system as the hon. member would like to think we now have.

**Mr. Regan:** Mr. Speaker, before I go to the substance of these questions, it strikes me as fascinating that the Reform Party, the party that always calls for faster and deeper cuts and says we are not going fast enough in making cuts in government, is the same party that when it comes to things in their backyard Reform members say: "Not in my backyard. Make your cuts somewhere else, but not in this area". I have heard this over and over in this House. On every topic they say: "But do not cut here". If we were to add it up we would never cut at all.

On the topic of Calgary, if Calgary has problems, the biggest problem in Calgary is congestion. It has too much success. It is the growth of that airport and the authority is working to meet this demand. The government is taking a flexible approach on this.

• (1635)

One of the problems with Edmonton is that traffic has moved from the Edmonton municipal airport to Edmonton International Airport. That has changed the circumstances. The federal government is working with that authority to deal with the changed circumstances and it will change the lease accordingly.

It is important to be flexible and to recognize that as things change we must change the leases, we must look at the circumstances and act accordingly.

However, I find it remarkable how the Reform Party is always after us to spend, spend, spend, except when it comes time for the budget.

**Mr. Jim Jordan (Leeds—Grenville, Lib.):** Mr. Speaker, it is a pleasure for me to speak to the opposition motion today. I am going to speak to one aspect of the motion, the reference to the national highway system. The motion suggests that the government should be condemned for its continued neglect of Canada's national highway system.

Yesterday the Standing Committee on Transport tabled a report in the House which made several recommendations for the federal government to consider with respect to the renewal of our national highway system. It is a coincidence that we were talking about

those recommendations yesterday and today the third party is condemning us for not taking any action.

I want to congratulate my colleagues on the transport committee for coming forth with the recommendations in the report. Indeed, I want to congratulate the hon. member for Kootenay West—Revelstoke. He is a well valued member of the transport committee. I have enjoyed working with him under the chairmanship of the hon. member for Winnipeg South.

When the Minister of Transport met in Charlottetown last October with the provincial transport ministers, he received unanimous support for the idea that the federal government would participate in a study in which all transport ministers would get together to see if something could be done to address the deteriorating condition of Canada's national highway system. He received tremendous support for the idea of moving forward with the study. We have been encouraged by the kind of inspiration and attitude shown by the provinces.

The federal government is concerned with the national highway system. It must be adequately maintained and properly expanded to meet growing Canadian demands. Trade is associated with a good transportation system. The highway system is also important to the Canadian tourism industry.

The federal government has a long history of supporting the provinces and territories in developing the TransCanada highway system and other highways. The first federal contribution to highways occurred back in 1919. Ever since that time succeeding federal governments have provided an uninterrupted level of support for highway construction and maintenance.

That should not surprise anyone. I believe we are open enough to realize the importance of a highway system. It is too important to say that it is a provincial matter and therefore we should not become involved. That is not the attitude I have sensed in the years I have sat on the transport committee. Of course, there is all-party participation on that committee.

Highway transportation accounts for almost 95 per cent of intercity passenger trips and about 75 per cent of all freight that moves in this country. That is how important it is to all Canadians. I personally think it is too important to be left exclusively to the provinces.

• (1640)

Most of Canada's interprovincial trade moves by highway, as do 60 per cent of Canada's exports and 80 per cent of Canada's imports. There is no question about the need for a national commitment to something that involves our lives to that degree. About two-thirds of the 25 million U.S. tourists who come into Canada each year use the highways.

### *Supply*

The federal government already spends a significant amount of money on highways with an expenditure of \$292 million on highway development under the federal-provincial agreement's 1996-97 commitment. In addition, approximately \$100 million is spent each year on federally owned bridges and roads.

Within just a few miles of here in the last year the government has committed \$42 million to construct a highway in which I have particular interest since it goes through my riding. It connects the nation's capital with the 401, the busiest highway in Canada. I have been here for a few years and people may have thought that this is all I have been concerned with.

Indeed, a good deal of my energy has gone into that project because I can see the need for it. I can see the need for the federal government to get involved because a good deal of the traffic on that highway is there because this is the capital of Canada. Most of us would be fairly embarrassed if the old highway were the best we could do. Most Canadians would feel very embarrassed if a visitor to Canada from another country had to travel on highway 16, which hopefully will be highway 416.

It is not just a question of congestion. Highway 16 has a horrid record. Three weeks ago there was another fatal crash. A father and his son were killed. Dozens of people have been killed on that highway in the past six years. I am not speaking of that loosely. When travelling that highway I have had some personal experiences of accidents that have occurred. We speak very often of those who were killed. Usually if an accident is serious enough to kill people, there will also be injured people.

Notwithstanding the federal contribution, it has been clear for some time that a massive and focused effort will be required to maintain and upgrade the national highway system. Analyses conducted by Transport Canada in co-operation with the provinces and territories showed that Canada's highway infrastructure is aging. It is thought that the age of a highway is 30 years. Over half of Canada's major highways are approaching the maximum age limit for highways. It is a very serious problem.

Highway infrastructure requires increased financial resources to maintain them because we have more traffic on our highways now than we did 30 years ago. It is no more complicated than that. Highway infrastructure is experiencing growing congestion in certain parts of our nation. My colleague mentioned in and around some of the western cities. My colleague from the Reform Party was interested in that aspect of it too. We all know there is more volume on our highways today and of course that will reduce the age in which the highways can be of service to the Canadian people.

Despite the identification of highways by several premiers at the conference I mentioned earlier, there are still some provinces that have not regarded highway construction as a pressing economic need. We all have an understanding of the reason for that but we

*Supply*

still think as a nation that all provinces should come together under the guise of the federal government to carry on with the massive reconstruction of our highways.

Someone has said that instead of the weather being the major topic of conversation among Canadians, now it is the condition of our highways about which we initiate conversations. I believe that more and more. Nearly everyone is commenting on the condition of Canada's national highway system.

• (1645)

The hon. member who introduced the motion before us today takes great umbrage with the focus of the standing committee's report on private-public partnerships for highway infrastructure. I want to draw the attention of the House to the committee's own conclusion that there is widespread agreement among the users and builders of the highways that we must get into public-private financing on a partnership basis if we are ever going to see any real and meaningful reconstruction of our national highway system.

It is not my recollection that the transportation committee in its investigation of the relationship that existed between transportation, trade and tourism, decided to focus on the paramount need to renew the national highway system. I thought that was what all committee members agreed to do. Indeed, throughout our discussions over the past several months, I thought even the member from the third party was on board in relation to that.

I know my time is coming to a close, but I want to mention that there is no more basic, fundamental way, in my view, to reach our goal for the future growth of this country than to start immediately with the very pressing problems associated with the deteriorating conditions of our highways nationally.

The government is aware that this will have to be a major financial commitment. Although it is largely a provincial matter, the government is willing to work with the provinces and others to try and correct the network that is in need of immediate attention. It is a massive undertaking but we must address the problem. So much of our economy depends on an adequate transportation system.

**Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.):** Mr. Speaker, I appreciate the words of the hon. member who just spoke. I have enjoyed working with him the past three years.

I just want to clear up one point. I gather he is under the impression that I oppose involving the private sector through public-private partnerships. I do not. I think it is a good idea. What I objected to specifically are two points.

First, the implication that things like shadow tolling are alternate funding sources. They are not. There are ways to save money and

do the job more efficiently at which I think we should be looking. For that aspect of it, I applaud the committee. However, the report suggests that it is an alternate source of funds and it is not. It is simply a cost efficiency and to imply otherwise is extremely misleading.

Second, if we are going to involve the private sector obviously there has to be trust between the government and the private sector. We heard the specific example of highway 401 where the builder-operator of the highway said that it was necessary to negotiate an agreement with the government that it would not upgrade to a freeway standard the other portion of the highway that parallels the one the builder-operator built. Otherwise, no one would travel on the first one if it was not brought up to full highway standard and obviously the company would never recover its money. That trust and agreement had to be made as well which is understandable.

The Parliamentary Secretary to the Minister of Transport went into a small tirade but when it was explained to him he understood the wisdom of it and withdrew his objection.

My concern is with the deal that appears to be coming up with Rocky Mountaineer and VIA Rail. If the government allows VIA to go back and compete directly against the very company it sold, it sends a bad message to the private sector. I would specifically point out that the Canadian Council on Public-Private Partnership, the parent organization for that entire movement which is looking to build co-operation between the government and the private sector wrote the minister and specifically said: "Please, do not do that with VIA Rail because it sends a bad message". That is the concern that I have.

The other point is that he said we need to invest more in highways. We heard a huge number of witnesses ask for dedicated revenues. The federal government spends \$292 million but it takes in \$5 billion from gasoline taxes. Some want dedication of the total amount and others said two cents out of ten cents. That is only 20 per cent. It still allows the government to keep 80 per cent of those revenues for other purposes. This money could be put into a dedicated revenue fund so there is an absolute commitment for long term planning. The funding could not be interfered with.

• (1650)

I would ask for the hon. members' comments. Just before he answers because this is such an important issue, I would ask, Mr. Speaker, that you seek the unanimous consent of the House to make this motion votable.

**The Acting Speaker (Mr. Milliken):** The House has heard the proposal of the hon. member for Comox—Alberni that the motion be made votable. Is there unanimous consent?

**Some hon. members:** No.



*Supply*

**The Acting Speaker (Mr. Milliken):** I am sorry, there is no consent.

**Mr. Jordan:** Mr. Speaker, I thank my hon. friend for the question. We do need to develop a trust when we are embarking on something different. We have dabbled a little bit in the private-public way of doing things, particularly with road construction.

I am pleased, assuming the member speaks for his party, that it will support this private-public membership for highway construction. If I misunderstood that, I apologize.

I have some difficulty with the simplistic way Reform is looking at it. The hon. member is saying that two cents a litre is collected as a tax on gasoline, why not take the two cents and put it back into road construction? However, how far do we want to go?

Where would the money for health care be generated if everything is designated? What is out there in the marketplace that is generating money which could be designated to health or education? That is the difficulty with the argument. I heard it when we travelled with the committee. It sounds like a very simplistic way of doing it but there is nothing wrong with that if it would work.

The difficulty I have is projecting it a bit and asking how far we want to go with it. Do we want every dollar collected by the government to be directed into a specific area? If we do that the government's hands would be tied. It would have no money for the services Canadians demand and want for which there is no money being generated. Would the hon. member propose to use the money generated for highways and for no other purpose? This is the problem I have with the member's position.

[*Translation*]

**Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ):** Mr. Speaker, I wanted to take part in this debate on the Reform motion criticizing the Liberal government for its transportation policy, if we can call it that.

After listening to the remarks made by the Minister of Transport in this debate, I too wanted to say a word or two. I ventured a question to the minister, but I will come back to that later, because I was not satisfied with his attempted response. The people in my region who are interested in airports in the Eastern Townships will not be satisfied either.

I would like to raise two points. First, I would like to address airports, because, to listen to the minister, the Liberal government has resolved just about every problem there may have been in that area, when the reality is, to say the least, quite different, especially nowadays.

Just look at what is happening in airports, particularly in Montréal, where there is a real farce being played out; this is the only way this situation, which has jeopardized the future of airport

operations in Montreal and has had a negative impact on all of Quebec, can be described.

• (1655)

Where has the Minister of Transport been doing during this time? What has the Liberal government been doing about the situation in Montreal, with people in the industry quarrelling over whether Mirabel or Dorval airport should be maintained? They ended up in court, where a judge made a questionable decision resulting in delays the magnitude of which we do not know but which, I repeat, could have untold negative consequences on the future of airports in Montreal.

What did the Minister of Transport do? He washed his hands of the whole thing. That is the policy of the Minister of Transport and the Liberal government on airports. At least, that is what it is in Montreal; they are washing their hands of it. So, I wonder how the minister can rise in this House and rave about the decisions that he and his predecessors made.

Let me give you another example of the kind of policy that this Liberal government boasts about. The minister's predecessor, who is now the defence minister, is known for his ability to casually destroy what is in place, as can be witnessed on a daily basis during question period and in light of the decisions he has made in every sector for which he has been responsible. We can see how the former transport minister, namely the current defence minister, did not care either about the real impact of his decisions on those concerned.

Let me give you a specific example which involves the Sherbrooke airport. You will remember that, a few years ago, this government decided to give up its responsibilities in the airport sector, particularly as regards regional and small airports. This decision was made primarily to dump the Liberal government's deficit on the provincial governments and on regional authorities. Not only did this government offload its responsibilities onto others, but it did not even bother to make sure the facilities which it wanted, and still wants, to get rid of, are in good enough shape to be used by those interested in taking them over. This is exactly what is happening with the Sherbrooke airport.

I raised the matter in the House. I questioned the former transport minister and the Secretary of State responsible for Regional Development on this issue, and we are still waiting for a decision that would ensure the runway is in reasonable shape before local authorities take over the Sherbrooke airport.

What are local authorities asking for? What is needed to repair this runway so that it is adequate? An amount of \$1 million is necessary. Again, we have been waiting three years for a decision. This is the type of policy favoured by this government, which, as we have seen in other areas, simply offloads its responsibilities

*Supply*

onto the provinces, without looking at the real consequences of these decisions.

In the case of the Sherbrooke airport, I am convinced we will get a positive answer, because an election will soon be held. I am also convinced the Secretary of State responsible for Regional Development, who is the member for Outremont, will visit the regions in the coming weeks, probably right after what will certainly be a pre-election budget, to announce that the government will give a \$1 million subsidy to repair the Sherbrooke airport's runway.

But why did the government wait for three and a half years to make this decision, considering that the stakeholders have had to wait all that time before proceeding with other improvements? Let the government make its decision.

• (1700)

This is what is being passed off as policy in the area of transportation. In the meantime, while they are refusing minimal assistance of \$1 million for the Sherbrooke airport, they are going to spend millions of dollars on the Montreal fiasco in the hope of arriving at a logical, intelligent decision, not to mention the tens, even hundreds, of millions of dollars that the Pearson deal will cost.

We must not forget that, during the 1993 election campaign, the present Prime Minister, who was the challenger at the time, promised to cancel the contract the Conservatives had struck with their friends who had contributed to their campaign coffers and who wanted to take over Pearson and make huge profits.

The Prime Minister said: "I am telling you, if you go ahead with this deal, we will cancel it after the election". That is what they did, but how did they do it? They did it in such a way as to still be able to do everything the Conservatives would have liked to have done, which was to benefit their own friends.

The Pearson affair is still dragging on through the courts, and we are going to find ourselves footing a bill that will easily top hundreds of millions of dollars. Here again, I am sure we will not learn the results during the election campaign. We will have to wait, just as in the case of the events in Somalia, until after the election to really find out what went on.

In the meantime, the present Minister of Transport is telling us that one of the factors in his policy is to recognize that a large percentage of trade is towards the Asia-Pacific region, and that rail transportation in the direction of the Port of Vancouver must therefore be improved.

It is obvious that there has been unbelievable growth in the Asia-Pacific region. It is even more obvious that the Port of Vancouver is located in the Minister of Transport's home province. On the eve of an election, this is the kind of coincidence that can be helpful when meeting with future voters, those who will decide

whether or not to renew his mandate; to go and tell them that all funds will be directed towards his province will probably be of help in an election campaign.

Members will also recall that the former Minister of Transport pulled a very similar stunt when he cut the Crow rate for rail transportation, literally throwing western farmers not just millions, but billions of dollars in compensation. The bill has been estimated at something like \$3 billion, while an amount of only a few hundred millions of dollars has been mentioned for all of eastern Canada as compensation for ending the program of transportation subsidies. The double standard is obvious.

Meanwhile, what is going on with the railways in eastern Canada? It is obvious that improvement was called for. For years, we have seen CN, a public company, and CP—supposedly private one, listed on the stock exchange, but it thumbs its nose at its stockholders, or so I would say—both doing everything in their power to discredit shipping by rail.

How did they do so? They provided their customers with no service whatsoever, which eventually gave them the opportunity to say that the customers were abandoning shipping by rail in favour of shipping by road. Once that finding was made, there was only one decision that could be made, of course: to abandon a rail line.

I will give you the example of a situation that occurred in my riding. When I was told about it, I could hardly believe what I was hearing. I had to go there to find out for myself. A lumber business in Lac-Mégantic, Industries manufacturières Mégantic, is a major purchaser of American wood. Naturally, it used to use the railway connection with Maine to get its supplies.

• (1705)

When its carloads of lumber arrived in Lac-Mégantic, they were left at the rail yards and another work crew with an engine, working out of Sherbrooke, a hundred kilometres or more from Lac-Mégantic, had to come bringing other employees to pick up the car or cars that had been left there and take them to the company's yard, although this could very well have been done by the other train on its route. This was, supposedly, not possible because of the collective agreements involved.

When they had put up with this for years, with the enormous costs it entailed, the tremendous delays, it is not surprising that decision makers in the industry took another tack. Anyone would have done the same. When we see that a company is not capable of giving us the service we expect, we take our business elsewhere.

It is crystal clear that the sole purpose of this approach was to downgrade railway transportation. Finally, they got much what they wanted. Today the network is being dismantled. We should realize that it was our taxes, the taxes of everyone in this country which for years helped to finance the development of this railway network throughout Quebec. We should also realize that the global trend is not toward eliminating but increasing the use of railways

for the transportation of goods, since people have realized how expensive it is to keep trucks on the roads.

According to estimates by the Société d'assurance automobile du Québec, a single truck did as much damage to the road face as 24,000 or 28,000 cars. When we consider the hundreds and thousands of trucks on our highways, the cost is enormous.

Surprisingly, this is the responsibility of the provinces, so here in Ottawa, they could not care less how much it costs to maintain our highways, since they do not pay for road maintenance. If we really wanted a genuine transportation policy, I heard a Reform colleague put a question to the Minister of Transport about development of networks of SLR or short line railways, which will take the place of the companies I mentioned earlier, CN and CP.

When we consider that this government came to power three and a half years ago and is supposed to have a transportation policy, it is amazing that when the following question is put to the Minister of Transport at the end of this government's mandate, "how will your SRL policy work", the minister cannot give us an intelligent answer. This is proof positive that they do not have a transportation policy. What will be the consequences of this appalling lack of vision?

Today, old branch lines are being abandoned, I see this in my own region, and my Bloc colleagues have seen this as well. Hundreds of kilometres of tracks are being abandoned without any indication of being salvaged for further use. Meanwhile, our highway system will deteriorate even more.

When, 10, 15 or 20 years from now, we have to decide to rebuild our railway network because we realize it makes no sense at all to leave trucks on the road and that we should use our railway lines to better advantage, we will have to spend millions and even billions of dollars to correct a situation this government has allowed to deteriorate.

• (1710)

**Mr. Mac Harb (Ottawa-Centre, Lib.):** Mr. Speaker, I was very interested to hear my opposition colleague's viewpoint. I am sure he will agree with me that the federal government's transportation program was outstanding. It was well planned, well executed and attuned to the needs of Canadians.

The Department of Transport's decision to transfer the Macdonald-Cartier airport to a non-profit corporation indicates that the federal government has decided to give regional municipalities direct authority. They will be able to plan their own economic development and promote economic growth. The region will also be in a position to establish the type of airport and air services it wants.

### *Supply*

The government has done the same thing with Pearson, Dorval, Vancouver and all the airports in the country. Would my colleague not agree that the government has planned its transportation matters well?

**Mr. Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, I do not think, unfortunately, that you will allow me to repeat my entire speech, but I would have to do so to explain to our colleague that, no, I do not agree with his claim that the government's planning was marvellous and resolved all the problems in the area of transport.

Quite the opposite. I have shown that the government has no transportation policy and that its decisions served simply to transfer responsibilities to other levels of government.

When our colleague for Ottawa Centre says we must trust in the community and that it is a good decision to allow local people to decide the future of their equipment, I agree with him. However, it must not happen any old which way. The government has resolved its budget problems on the backs of the provinces without regard to the consequences.

I repeat the example of what is happening in Montreal at the moment. A court handed down a terrible decision yesterday. Huge delays will result from this decision preventing the local community from restructuring Montreal airport services.

The Minister of Transport was questioned outside the House. In response to a question on what he intended to do about ADM's situation in Montreal, he said it was not his business, that he had set up a local group and that decisions were to be made by these people. This is typical of this government's policies: it transfers responsibility without regard to the consequences.

No, I do not agree with my colleague's assessment. On the contrary, I think real policy should be formulated on co-operation with all levels of government and take financial consequences into account first, to ensure the future of transport.

**Mr. Harb:** Mr. Speaker, my colleague is not in agreement with the government's decision in this regard. There is another example. The federal government has launched a Canada wide initiative under the infrastructure program. There are three partners: the federal, provincial and municipal governments.

• (1715)

This initiative has created over 100,000 jobs across the country and was supported by almost every municipality in Canada. Many mayors, including some in Quebec, applauded the federal government.

*Supply*

Now, the federal government has put up \$425 million for another initiative under its transportation and infrastructure policy.

Does my colleague support this extraordinary federal government infrastructure policy, including the latest announcement of \$425 million in funding? Does he support this initiative and is he not in agreement with this kind of intelligent policy on the part of the federal government in the area of transportation?

**Mr. Bernier (Mégantic—Compton—Stanstead):** Mr. Speaker, I have two points to raise. First of all, the results of this infrastructure policy, or rather program, to which our colleague from Ottawa-Centre alludes, are not necessarily what he says they are, as far as job creation is concerned. One might challenge the figure of 100,000 jobs created by the infrastructure program.

But I do not want to get into that, for I have just two things to point out. First, of course the infrastructure program has had a beneficial effect, but it has been a limited effect, both in the number of jobs created and, especially, in their duration. The jobs were created for very short periods, that is the length of time it took to construct or renovate certain infrastructures.

As for the proportions, that is the regional distribution of infrastructure spending, here again, Quebec did not get the share it was entitled to expect, as is the case for all federal spending. I would say that, if the action of the federal government were fair and equitable for Quebec, we would not need an infrastructure program, modern programs of various public works. We would have the jobs Quebecers really need, quality jobs, permanent jobs, to ensure that our families can develop and live decent lives.

That is what we expect of our governments and, unfortunately, that is not what we have received from the federal government.

[*English*]

**Mr. Joe Fontana (London East, Lib.):** Mr. Speaker, I express my appreciation for being given the opportunity to comment on federal support for VIA Rail.

The Reform opposition motion before us condemns the government's actions with respect to a number of its transportation policies. I do not have the time to get into all of them but I want to spend a little time speaking about our government's support for VIA Rail. The motion is another indication, especially by the Reform Party, of how out of touch it is and how little it understands about the country.

Over the past two or three decades Canadians have supported their national passenger rail service. For the Reform Party to suggest in its blue book platform that VIA Rail should be privatized, which would mean the abandonment of VIA Rail services to hundreds of communities across the country, surely does not point

to a national party that supports the needs of the passenger transportation of the country.

• (1720)

There is something bizarre about the motion of the hon. member for Kootenay West—Revelstoke. The Reform transport critic said on June 4, 1996, as reported in the *Hill Times*: "I have agreed with the concept behind all the government's transport bills over the past two and a half years, with the sole exception of the Pearson airport cancellation bill". We have heard this song and dance before with regard to Pearson. He said on June 4, 1996 that he supports all policies, save and except that one of the government, but his motion today condemns what the government is doing.

I like the member for Kootenay West—Revelstoke. He has been a very active member of the transport committee as I and my colleagues have been. For the most part he puts forward some very positive viewpoints and has been in agreement with the government in most cases. I find rather bizarre that all of a sudden today he decides that he is against everything he stood for just the other day.

Liberal governments of the past and of today are governments that supported passenger rail service. When the Tories had power for those gruesome eight years and put this country through pain, it was the Liberal Party from 1988 to 1993 that fought for the retention and enhancement of VIA services.

The government believes that every community needs a national passenger rail service. It also recognizes that the transportation system needs to be an affordable, integrated and efficient system.

Everything we have done since 1993 was to put in place certain efficiencies that do not destroy the transportation systems but enhance them and ensure that Canadians have them, not only businesses but people who rely on our transportation services.

I compliment VIA and its employees. They have not had a very good time since 1989 when Mr. Mulroney and the Tories slashed the VIA network by 50 per cent.

In 1993 the government had a deficit to deal with. It had to impose certain cutbacks on VIA as was done with other departments. What was made clear, thanks to the hard work and dedication of the men and women who work for VIA, the management and employees, was that they were able to do so without cutting one service to the country in the past three and a half years even though their subsidy levels were falling by over \$200 million. They did that in a very pragmatic, orderly way making sure that VIA service was available to Chatham, Toronto and all other parts of this great country.

It is also clear that VIA remains committed to looking for opportunities and efficiencies to enhance services by working with their workers, by working with communities and by working with

other partners. It is looking for the opportunity to better serve Canadians from coast to coast with the best passenger rail service.

It has moved to improve the attractiveness of rail service by making certain infrastructure upgrading to permit 100-mile per hour operation of trains on the Montreal-Quebec routes and 95-mile per hour operation on the Toronto-London-Windsor route. The Montreal-Senneterre, the Montreal-Jonquière and the Jasper-Prince Rupert train schedules were revised to provide daylight services for local residents and development of tour packages.

To reiterate, VIA is always looking at ways of enhancing its passenger base. VIA has worked at combining a series of fare increases with special promotion fares and plans to develop year round markets for its services.

As a result of these service initiatives revenues have increased by 26 per cent and the number of passenger miles increased by 16 per cent between 1990 and 1996. Over the same period the number of passengers increased by 5 per cent. The higher increase in the number of passenger miles is because the average trip taken by each passenger increased from 221 miles to 246 miles between 1990 and 1996. It is further indication that Canadians support and want passenger rail service.

• (1725)

The best measure of VIA's success has been the steady increase in its cost recovery levels. Something we would expect from every corporation and in all our operations is that they move toward cost recovery. Between 1990 and 1996 the cost recovery ratio increased from 26 per cent to 44 per cent. This marks the first time ever that VIA's cost recovery has been over 33 per cent.

Under the National Transportation Act, 1987, the government subsidized the operation of three uneconomical passenger services because it believed in treating all regions of the country in a fair and equitable way. Therefore the railways that the government supported and continues to support, the Quebec North Shore and Labrador Railway, the Algoma Central Railway and the Ontario Northland Transportation Commission, is a further indication of its commitment to passenger rail service.

The new transportation act was passed by the House within the last year. It states that the new Canada Transportation Act maintains the government's commitment to remote areas along these routes by having the Minister of Transport enter into special agreements with the railways to provide financial assistance but to give them greater autonomy in how best to provide those services.

It is clear and I do not know why the Reform Party does not get it. The country is a national federation, a country where we need

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national infrastructure. VIA is the national passenger infrastructure to provide services across the country. Four hundred communities depend on passenger rail service. For Reformers to suggest in their blue book privatization and the depriving of Canadians of passenger rail service, or for them to suggest in their platform book, their new fresh start 1995, the total disbandment of the transportation ministry and the \$750 million, indicates that they do not believe in the national government having any role in national transportation.

This is bizarre. I have listened for the last few hours to the Reform Party suggesting that we ought to do more. The fact is that the government is doing more. I do not understand how Reformers can stand and say we should be doing more when their blue book and their fresh start say that we should be doing less or should not be involved at all.

In conclusion, we continue to believe in VIA. We continue to believe that there are opportunities to have VIA work in a most efficient way and to ensure that Canadians have passenger rail service from VIA. We ought to continue to support VIA in its attempt to modernize and in its attempts to provide more service. VIA ought to be given the mandate and the opportunities to enhance its passenger ridership in all parts of the country.

**The Acting Speaker (Mr. Milliken):** Order. It being 5.30 p.m. it is my duty to inform the House that proceedings on the motion and the amendment thereto have expired.

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## PRIVATE MEMBERS' BUSINESS

[English]

### CRIMINAL CODE

**Mr. Dennis J. Mills (Broadview—Greenwood, Lib.)** moved that Bill C-353, an act to amend the Criminal Code (Internet lotteries), be read the second time and referred to a committee.

He said: Mr. Speaker, I appreciate the opportunity to begin second reading of the debate this evening. I also appreciate the co-operation we have had from all parties. We will hear from speakers this evening from every region of our country. We will hear from members of Parliament who represent not only urban areas but rural areas as well. This debate will take place over an extended period of time and hopefully we will design and develop something that will be useful for all of Canada.

Just to put this bill in context, I would like to go back three years when I began my experience serving as the Parliamentary Secre-

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tary to the Minister of Industry. One of the stories that the government has not told well but which is a tremendous story is the fabulous work that was done by the Minister of Industry in the whole area of the information highway.

Members received not too long ago the final report of the Information Highway Advisory Council. It is a model. The work produced through the support of many people from every walk of life and industry right across Canada has proven to be a guideline for not just our Parliament but for provincial legislatures across Canada. The work that was done in this Parliament is also recognized as being world class.

Serving as the parliamentary secretary immersed me into this whole area of the information highway. I still consider myself to be a techno-peasant, but I could not help but feel some of the energy and the enthusiasm that came from the Department of Industry.

I want to read a couple of recommendations that came from that committee work over the last few years. It is Issue No. 8, Information Controls, and recommendation 8.2: "The federal government should take immediate steps to lead in the development of legislative measures with regard to clarifying the question of liability of owners, operators and users of bulletin boards, Internet and Usenet sites—The Government of Canada should take immediate steps to facilitate the development of a model code of ethics and practices reflecting community standards and to provide for community education programs".

The policy debate that we are developing here tonight is very much consistent with the policy framework that has been going on in Parliament for the last few years under the leadership of the Minister of Industry.

How do we get from that report to a bill that talks about amending the Criminal Code to allow Internet casinos? I have to go back to an experience I had last summer. It was August. I decided to take a weekend off. I travelled to the beautiful island of Antigua. I have a friend that has a place down there, Sheikh Amin Al-Dahlawi from Jeddah, a man that I had met a few years ago. While I was relaxing in his beautiful resort in Antigua one evening I attended a presentation from a company in California, World Wide Web Casinos, Mr. Peter Michaels and Mr. Peter Demos.

They gave a presentation to our group on this whole realm of Internet casino gaming which is emerging as a very strong force. We should know that there are many Internet casino companies throughout the world. I sat and watched the demonstration that Mr. Michaels and Mr. Demos put forward and I was absolutely blown away to see how people could actually turn on their lap top or their home based PC, and all of a sudden they could participate in the entertainment of gaming from wherever they were. It was just like being involved in a real casino, just as if you were visiting a land based casino.

• (1735)

I had never seen anything like it. I then proceeded to sell Canada to them. I thought that if this concept was emerging and it was going to be so strong in its business activity, I asked if they would consider putting a land base Internet casino in Canada. They certainly obliged me in the sense that they thought it was interesting that we would consider it. That was the end of the discussion at that time.

On my return to Canada I then called the Library of Parliament. I am sure most members will agree with me that some of the best researchers in the world are working at the Library of Parliament. I asked them what the rule of law was in terms of the possibility of us having an Internet casino system in Canada.

The Library of Parliament did a fabulous study. It took them about two months but they did a fabulous piece of research, which is available to all members of the House and, for that matter, to anyone else who wants to have access to it. They went through the history of how the whole lottery business, which used to be the purview of the national government, was essentially devolved.

We all know that in 1979 Prime Minister Clark began the whole process of devolving lotteries to the provinces. It was ratified in 1985 but the basic rule of law that governs this system is the Criminal Code.

The researchers state: "It is not clear whether or not it is illegal for an individual in Canada to gamble on Internet casinos, but there does not appear to be a provision in the Criminal Code which prohibits this activity. Therefore, it could be argued that the provincial governments presently have the right to conduct and manage Internet casinos. But it should also be noted that no provincial government has attempted to set up an Internet casino and the courts have yet to issue a decision on whether or not such an activity would be permitted by the Criminal Code".

They go on to say that it then becomes a question of whether or not the Parliament of Canada has in its jurisdiction the right to amend that and deal with the whole issue of Internet casinos. When the whole use of the Internet is exploding in front of our very faces, there was never ever any discussion back in 1979 or 1985 whether or not this was going to be a serious issue.

It is important to note that when the researchers from the Library of Parliament did their investigations they said that Parliament, under the principle of parliamentary sovereignty, is free to modify Criminal Code legislation and provide a new scheme with respect to gaming and presumably could give the federal government the right to conduct and manage Internet lotteries.

It was with that and further advice from the Library of Parliament that I then went to the legislative branch of this House and designed Bill C-53. The whole purpose of this bill is to make sure

that this industry, which is exploding in front of our faces, be put under some kind of regulatory authority.

I would like to add a couple of other important facts. Whether one likes or dislikes, agrees or disagrees, with the whole notion of gaming, the fact is that it is a trillion dollar industry. We also know and experts have said that the whole notion of betting in an underground context is now in excess of \$60 billion. This is \$60 billion worth of gaming through bookies, et cetera, where there is absolutely no sort of monitor or regulation on it at all.

Now we are going to be faced with this whole new realm, Internet gaming. Rather than being reactive to the situation which is evolving we should be proactive. We should go to committee on a bill like this and listen to expert witnesses who will tell us the pros and the cons. They will tell us the rules and regulations that need to be addressed.

• (1740)

Internet gaming is going on right now with companies that do this totally on their own. There are absolutely no background investigations. There is no random process testing. There is no prize payment bonding. There is really no adequate consumer disclosure of game odds or expected value of the win of all games. There is no control of underage gambling. There is no information highway federal tax. I will deal with the notion of government revenue related to this shortly.

Other aspects include truth in advertising, money laundering control, hacker protection and arbitration of disputes. These are some of the issues that really should be discussed. At the end of that discussion legislators can decide how they want to handle this issue.

We have been given a trust in this Parliament not to be reactive but to be proactive. We must lead the way in looking at the realm of Internet gaming. As a G7 country that is highly respected in the whole area of the information highway, this would be an opportunity for us to do some extraordinary groundwork in this area. Ultimately this could lead to treaties with other countries.

Presently over 200 million people sign on the net every day. It was only 20 years ago that there were 50,000 computers in the whole world. Today 50,000 computers a day are sold. As this industry is exploding in front of our very eyes, let us take a leadership role and make sure the proper regulation and control is put into this very important sector of the entertainment economy, Internet gaming.

[Translation]

**Mr. Michel Bellehumeur (Berthier—Montcalm, BQ):** Mr. Speaker, it is a pleasure to speak to Bill C-353, whose purpose is to amend the Criminal Code with respect to Internet lotteries.

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I think the hon. member was right to talk about co-operation, because we intend to co-operate fully on this bill, considering the very significant proliferation nowadays of gambling, lotteries, betting, and so forth.

Internet and computer games are also coming increasingly widespread. As the hon. member said earlier, more than two million people a day surf on the Internet. This is a little like letting two million people into a casino, since these computer games include gambling, lotteries and betting.

Considering the easy access and the total absence of regulation of this sphere of activity at present, and also considering that Internet users may be minors and can get into the net at any time, it is important to take the time to study this bill. We must find out whether this bill does what it is intended to do, which is provide adequate legislation to regulate gambling, lotteries and betting on the Internet.

• (1745)

For the time being, as I told the hon. member, and I say it again here in this House, there is no problem with the principle: we will co-operate. Where I do have a problem, and I hope we can settle this in committee, is about the games of chance the federal government will want to control on the Internet.

I realize that Internet represents communications and that is a federal jurisdiction. However, lotteries are a provincial matter. I am thinking of the casinos in Hull and Montreal, in Ontario and in western Canada. These casinos are operated and managed by the provinces but are also subject to the Criminal Code and existing legislation.

What bothers me in the bill is that it allows the Government of Canada to establish or operate a lottery on the Internet, in accordance with the regulations. It allows the Government of Canada to grant a licence to an Internet service supplier, with everything that entails. Of course we are in favour of a bill that provides a legislative and regulatory framework to protect the public and deal with this whole new field, this new way of dealing with the Internet and lotteries on the Internet. However, I would have liked to see this done with due respect for the jurisdictions of Quebec and the other provinces.

So yes, we are prepared to give this bill the attention it deserves, because it is a very interesting bill. We pledge our support on second reading so the bill can go to committee, where it can eventually be examined with a view to improving it and, above all, to bring it in line with the jurisdictions of the provinces and Canada.

[English]

**Mr. Werner Schmidt (Okanagan Centre, Ref.):** Mr. Speaker, I would like to commend the hon. member for introducing Bill C-353. I certainly do not want to go on record as saying that the

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Government of Canada should now get into the lottery business on the Internet. I do not think that is the issue here. The issue is quite a different one.

We need to recognize the significance of the Internet in our contemporary society. It affects virtually every part of our daily life. We can do all kinds of things on the Internet. I made a brief list of some of the things that can be done on the Internet.

We can buy, sell, trade, travel, read newspapers and magazines, play the stock market, do banking, talk to politicians, sign out a book at the library and upgrade a computer. We can send a postcard or a greeting. Many other things can be done on the Internet. All of them can be done by text, voice or even video.

Introduced in this area now is Internet gaming; this is now a very real thing. Internet gaming is appearing in many jurisdictions around the world, usually in those jurisdictions where the gaming laws are not nearly as fixed as they are in Canada. Let us look at the situation of Internet gaming in the world today.

The key to success on the Internet and all other casinos is traffic. In other words, a lot of people must participate in the business. Worldwide gambling in recent years has gone from a \$500 billion a year industry to over a trillion dollars. That is a rather significant increase. Worldwide it has been estimated that in excess of a trillion dollars is wagered annually on various forms of gambling.

For example in Great Britain over 90 per cent of the population participates in some form of legalized gambling. Australians wager almost \$2,700 per capita annually on gaming entertainment.

Conservative estimates for the Internet gaming market in the United States projected a total potential market of \$8.25 billion in 1996 and it will grow to \$22 billion by 1998. Internationally, market estimates for Europe and the Far East predict potential markets by 1998 of \$29.2 billion. This is the market opportunity.

• (1750)

The Internet is a worldwide telecommunications network that allows the users to communicate with one another with no geographic boundaries. That is the issue. As a result of this tremendous flexibility of communications, it has become the next frontier for commerce.

The major inroad envisioned by business in the Internet is the ability to perform large scale, large dollar transactions over the network. That is seen by many as the true power of the Internet, where costs can be substantially reduced for businesses, allowing them to advertise and sell to practically millions of consumers and businesses worldwide.

The member talked earlier about the success of a casino depending upon traffic and many, many people. The Internet has magnified the number of participants tremendously. Therefore, there is a very real potential for people who are interested in this particular business.

Let us look at a couple of facts and figures. Worldwide the gaming market, as we have just indicated, is a trillion dollars plus. In the U.S. it is \$400 billion. Earnings of legal U.S. casinos—and we are talking about not only the Internet now, we are talking about all gaming—were \$188 billion in 1995. Earnings of traditional illegal bookies were \$60 billion in 1995. The market outside the United States is more than \$500 billion per year. If we add those numbers up, we will see that a tremendous amount of money is going into the gaming business.

In the Internet there are 50,000 computer networks involving 90 countries. Internet users worldwide are some 175 million, which is expected to grow in the next two years to about 200 million. It becomes very clear that this is a very significant issue.

Who are these people on the Internet? It is rather interesting to look at the demographics of the people who are involved. The typical Internet user is male and 44 years of age. Thirty-nine per cent of them have a college degree and an annual income of about \$48,000.

If we compare those statistics to the typical Las Vegas/Atlantic City casino gambler, the proportion of males is 51 per cent compared to 60 per cent on the Internet. The median age is 48 compared to 44 on the Internet. The percentage with college degrees who gamble on land based casinos is 29 compared to 39 per cent on the Internet. The percentage of people with college degrees is much greater in those using the Internet and gambling on the Internet than is otherwise the case. The average income is \$43,000 for those using land based casinos compared to \$48,000 for those using the Internet. It is a very interesting group of people which is involved in this issue.

Has this become a serious issue in a variety of places? Yes, it has. In fact the Interactive Gaming Council has been formed in the United States to come to grips with this particular issue. What is its role? That new industry organization, the Interactive Gaming Council, has been formed to represent the burgeoning interactive gaming industry. It is currently establishing a framework to address defined issues. It recently met in Scottsdale, Arizona on January 19, 1997.

An assistant attorney general, Mr. Alan R. Kesner from Wisconsin, was the guest speaker. He reconfirmed that law enforcement agencies and regulators need input and guidelines in order to fully understand Internet gaming and to go forward with ideas on regulation and taxation. Mr. Kesner's remarks indicated that there



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is an enormous public demand for gaming entertainment as proved by the huge proliferation of gaming throughout the United States and Internet gaming will probably be just another venue.

However, the public must be protected from those Internet casinos which would take advantage of them with all sorts of unfair practices. The hon. member just gave us a rundown, almost a catalogue, of some of the things that ought to be covered. It is a real issue. Here in Canada the question is not whether we will have this, but rather when.

Again I want to underline that I am not necessarily a proponent of gaming of any kind. In fact, I am not. I believe it has some very negative connotations. On the other hand, there are many people who do use it. It is a way in which a lot of charitable organizations and non-profit organizations raise funds and do tremendous good in various communities by supporting junior hockey and a variety of service clubs. So I suppose there is some merit in this area.

• (1755)

Canadians are already gambling on the Internet and money is leaving the country. We need to ask ourselves where the responsibility lies to make sure that if there is going to be Internet gaming that it be done in a way which is more or less controlled, to eliminate fraud, to eliminate abuse and to protect the consumers who are involved.

Just before I got up to speak one of my colleagues on this side of the House said: "If you want to control the Internet, good luck". I think that is true. It is a tough one to control. I am not so sure anybody can, but we do have to take steps to try to do it.

If the committee will come to grips at least with that part, it will have made a major dent into the question because it is very significant. It has to do with the whole issue of privacy which is very significant also. It directly involves our banking community and other financial institutions that use the Internet to transfer huge sums of money from institution to institution and also across international and national boundaries. If nothing else, this bill will have a spin-off in another very significant area.

I want to commend the hon. member who was the parliamentary secretary. And by the way I will interject here to say I wish he were still a parliamentary secretary, but that is none of my business. That is between him and his boss, I suppose.

Is there a responsibility for Bill C-353 for Canada and for the federal government? Yes, I believe there is. The hon. member reviewed some of those provisions, so I will not go into them now. The question is one where we need to distinguish—oh, my goodness, I only have one minute left and this is such an important bill, Mr. Speaker.

I want then to indicate rather significantly that I believe if the government is going to regulate it should not get involved in the actual running of a casino itself. That ought not to be in the bill. If there is any suggestion, and I think there is, that the government might have that permission, the bill should be amended so that it does not do that, but that it can license private persons or private corporations to do it. Regulate them so that the consumers' interests are protected and that money is transferred without getting involved in the laundering business and things of that sort.

In conclusion, we do support the principle of the bill. There are some suggestions and it has the opportunity of moving us forward to truly becoming a leader in the Internet business and on the information highway.

**Mr. Ron MacDonald (Parliamentary Secretary to Minister for International Trade, Lib.):** Mr. Speaker, it is a pleasure for me to speak on this legislation. I commend my colleague from Broadview—Greenwood who from time to time brings issues forth in this House. They are usually very controversial but are necessary for the public to have debated in places like the Parliament of Canada and the provincial legislatures.

I know sometimes people say the member for Broadview-Greenwood sometimes comes up with ideas that cause some of his colleagues some difficulty because they would prefer not to have them debated in a public forum. Perhaps this is one of them.

This bill goes into an area where there has been considerable controversy in the province of Nova Scotia, perhaps also the province of Alberta and some of the western provinces where gaming, casinos and video lottery terminals have been taken over and regulated by governments and have become a source of revenue for governments. It begs the ethical and moral argument about whether or not gambling is sinful, whether or not gambling is something that should be spurned or shunned and whether or not government should be involved in it. There are very important debates which should and must take place.

At the same time some of the very people who raise all those questions are the same people who say that governments should cut back on personal income taxes, find other sources of revenue that they are not stripping arbitrarily out of the wallets of individuals. I would say to those individuals that they cannot have it both ways.

It seems that it is human nature that people sometimes like to play games of chance. I am a victim of playing games of chance. I like to play scratch and win games. I do not think I go through an airport that I do not pick up a \$2 ticket. It is \$2 one I can afford. It is my bit of fun perhaps at the end of the week on the way home on a Thursday night or a Friday morning. Periodically I win a few dollars and periodically I lose a few dollars.

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• (1800)

I do it because I want to do it. I as an adult make a conscious decision that is what I want to do. I do it in a framework knowing that the lottery corporation, be it in Ontario or be it the Atlantic lottery corporation, properly regulates the game. I do it knowing what my odds are because they are printed on the back of the tickets. I do not have to worry about whether it is a scam. I do not have to worry about whether it is one of these mail order things that say "do this and you win eligibility for a \$20 million prize".

I do it with the full knowledge that the Canadian institutions of government have regulated it and are making sure that the printed odds are actually the odds in the game and that I am not getting ripped off. I make the conscious choice to do it.

What the hon. member has put before us in the middle of all of this controversy about gaming and video lottery terminals and whether they should be in corner stores or whatever is very important. He has hit on the leading wave of technology, the Internet.

It is quite amazing because I am not one of those people who are not terribly technologically proficient. I fumble around on my little computer at home. Most times my five-year old son Stephen or Matthew is able to browse me through where I want to go a little easier than I can do it.

The reality is it is a wired world today. That is what it is. The reality is, as the hon. member opposite just stated, that we can do pretty much anything. From my home on Saturday I called up *Debates* from the previous Parliament on the Internet. I was amazed that I could actually do it. It also means that my constituents can do it. I can buy car insurance. I can find out where I want to shop. I can book a holiday anywhere in the world. I can find out what temperature it is on a beach down on the west coast of Florida. The world is wired. It is the new wave.

Anybody who thinks they are able to keep off the Internet the provision of leisure gaming services is crazy. It is already there. Today in my office—I did not know you could do this—I sat down, worked around for bit and hooked up with the Liechtenstein Gaming Corporation in Liechtenstein. It is a city, a mountain, a river, and that is it. That is what the place is. I was in the Liechtenstein Gaming Corporation casino.

**An hon. member:** Were there free drinks?

**Mr. MacDonald:** No, there were no free drinks. There are no free drinks anywhere any more.

It was properly regulated. The first thing it indicated was that this gaming corporation was sanctioned and regulated by the Government of the Duchy of Liechtenstein according to internationally accepted guidelines and procedures. I had a bit of comfort

that I was not dealing with the mob. I was not dealing with somebody some place down in the United State, Aruba or somewhere running a scam on the Internet.

If I wanted to do my scratch and wins I had to set up my account. I had to be verified. If I won, it automatically went into my bank account in Canada just like that, an instantaneous transaction.

The hon. member's bill does two things. It focuses on whether or not gaming is something that grown adults in a modern democracy should be allowed to access. I think it is a matter of choice. I know people sometimes get addicted to gambling. People get addicted to many things: cigarettes, driving their cars around the block too often or laying on a beach and getting sunburned.

We cannot take those few people who legitimately have a problem and say to everybody else that they will be barred from free choice. The free choice is there now. It exists. It is out in cyberspace. It is on the Internet. We can do it today from the comfort of our rec rooms.

• (1805)

The hon. member's bill says that if this is now happening the Canadian government should look at whether or not it should regulate it, whether or not in this era of regulation the Canadian government wishes to get involved with it.

It begs other important questions, not just ones on regulations. It begs some important questions about provincial government involvement. A few years ago there were lotteries and it was never conceived that there would an Internet with 50 million users and bumbling people could actually sit in their rec rooms and find something on it, talk to somebody around the world and get into the Liechtenstein Corporation Gaming casino.

The bill asks whether it is reasonable that the Government of Canada should consider whether it wants to be in the business and if it is in the business how it relates to the provincial governments and the previous agreements on lotteries that were made a few years ago. It brings up the whole issue of regulation on the Internet and the protection of Canadian consumers.

Somebody browsing on the Internet tonight may get hooked up with a casino somewhere down in the South Pacific run by a hacker with a big bank account, wearing a pair of shorts, drinking a pina colada and laughing all the way to the bank. If such people know the Canadian government or the provincial governments have the proper systems and safeguards in their lottery acts, and if they are going to get into video gambling and video lottery, they would probably choose to do it from the highly distinguished regulatory regime of the Canadian provincial and federal government.

I am very pleased to have spoken on the bill. Once again the hon. member has brought forward a piece of legislation that is both timely in terms of revenue and in terms of the issues of the day. I

hope at the end of this hour to see the entire subject matter referred to committee so the broad range of issues that must be dealt with are dealt with in a timely fashion. I hope people on both sides of the issue will be accorded the time to put forth their points and hopefully we will have come to a conclusion and a recommendation to government.

**Mr. Dan McTeague (Ontario, Lib.):** Mr. Speaker, I am privileged to speak today on Bill C-353 presented by a colleague. He is someone the House has grown to know as one of its foremost members in terms of generating ideas. Many people talk about creating ideas, but in the context of the private sector it is interesting to know that the hon. member who earlier styled himself as a techno peasant. He should not be so willing to deprecate himself with such terms. He has earned the esteemed role of the wizard of ideas within the House of Commons.

It is interesting the House would be seized with an idea that is of the 21st century. The Internet is something that we all know is one of the most interesting modes of communication. It has gripped every country and can be translated for many people around the world in various forms, whether music, sending information, raw data or transmitting important information to people.

Every month the growth on the Internet worldwide is anywhere from 15 per cent to 20 per cent. The current world usage is some 50 million. That number will be closer to 250 million as we reach the advent of the next millennium.

The hon. member has taken a personal experience and tried to contextualize it, to make it relevant to the House of Commons. He has given the House of Commons and the committee that will hopefully treat this with relative speediness an opportunity to understand the importance of how we are to regulate.

My hon. colleague from Dartmouth indicated earlier how we need to get above and beyond allowing the mob, the underworld or unsavoury elements from taking control of the growing area of gambling. There are certainly ethical considerations dealing with gambling as there are ethical considerations dealing with the Internet in terms of pornography and the dissemination of hate literature.

The House must at some point quickly come to grips with those issues, lest Parliament be treated as irrelevant in the age of cyberspace. Compliments of the help of the hon. member for Broadview—Greenwood, we are allowed to begin to look very seriously at the question of the Internet. We can also look at the question of where the federal government can best use its authority.

Because the Internet is interprovincial—it is also extraterritorial—it makes no sense to have the provinces look into it from a regulatory point of view and to regulate those companies which

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would receive information so that those who are gambling not only within Canada but around the world might have an opportunity to know they are doing so within a trustworthy context.

Trust is very important in this context. Canada is considered a leader not only among the G-7 but certainly around the world. It is important to note that because we are basically a country that has a high degree of trust when it comes to relationships and transactions of various types. We are in the very unique position of being able to actually look forward to a day when we might be able to regulate this industry.

• (1810)

Other members will have an opportunity in the next few minutes to relate their interests in the bill. However I will summarize mine as being the ability to license it, to regulate it and ultimately in the interests of the taxpayer to tax it so that billions of dollars that might potentially be leaving the country might remain here.

Let us follow the wisdom of the hon. member for Broadview—Greenwood. Let us get the bill into committee and let us keep the bad guys out of it. I applaud the hon. member for his wisdom, foresight and his ideas. May the wizard live long.

**Mr. Rex Crawford (Kent, Lib.):** Mr. Speaker, I am honoured to speak today on legislation that is precedent setting and very important to all. The issue of gambling in society has always been a contentious one. I am generally against gambling because I have seen its negative effects. Whether or not we like it gambling is an age old form of entertainment that is here to stay. Today the gaming industry is estimated to generate \$1 trillion worldwide.

Another thing that is here to stay and is taking the world by storm is the Internet. Industry experts estimate that there are 50 million Internet users worldwide and this figure is increasing by 10 per cent per month. It is natural to assume that these two popular pastimes would somehow come together. The results are Internet casinos that are becoming a very lucrative business and are completely unregulated and completely untaxed.

In Canada we have done a pretty good job of controlling our gaming industry through an earlier federal-provincial agreement. The provinces now reap the benefits of regulated gaming. I think everyone is aware of the astounding profits made from provincially run casinos. My riding is just northeast of Windsor, Ontario, where millions of Americans and other tourists flock to the slot machines, blackjack and roulette tables. This has become a prized possession for the Government of Ontario because of the amount of foreign dollars it gives directly to the province.

Regulated gambling seems to work for Canadians. It can offer an extremely popular form of entertainment. It also does a great job of subsidizing our taxes, not to mention that it generates employment.

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Internet casinos can offer many of the same benefits. However right now they are not benefiting anyone except the occasional winner of a hand of poker. As it stands right now, Internet casinos are almost entirely based offshore in remote locations where the laws affecting gambling are not very strict, places like Antigua or Equador.

Via the Internet we can play the tables or the slots from the luxury of our own offices or home computers anywhere in the world. I can be sitting in Wallaceburg playing a round of poker with a gentleman in Hong Kong, a lady in Australia, and the dealer is dealing the cards from the Caribbean. Best of all, nobody has to know. The gamblers earnings as well as the earnings of the casino go completely untaxed. This is exactly what is going on.

The bill proposes a reasonable solution to the problem of unregulated gambling on the Internet. Instead of letting Internet casinos make millions on an island in the South Pacific, the bill is asking Canadians to take a better look at the benefits of this industry in our own backyard. If Canadians have accepted regulated gaming establishments then why not regulate Internet gaming as well? By allowing Internet casinos in Canada we can effectively limit the dangers involved in gaming and regulate the casinos activity.

With an estimated 175 million Internet users by the end of 1997 the potential revenues are astounding. New security measures and software are making Internet users more comfortable with the idea of Internet commerce, cyberscash or Visa and MasterCard transactions.

• (1815)

Many countries around the world are realizing the potential of Internet gaming. They have determined that the Internet is a popular reality that cannot be controlled. Other countries have also realized the fiscal benefits of regulated gaming. In order to minimize and eliminate fraud and illegal activity, we should permit regulated Internet casinos in Canada.

I have recently discovered the benefits of the Internet. My grandchildren are using it every day for their homework and other projects. It can be a great tool. However, it can also be abused. It is the job of the government to avoid illegal and fraudulent activity on the information highway. If Internet casinos were legalized, then regulated, we could essentially end these problems.

I support the bill by the hon. member for Broadview—Greenwood for those reasons. I would encourage members from all sides of this House to consider the benefits of this legislation.

**Mr. Derek Lee (Scarborough—Rouge River, Lib.):** Mr. Speaker, I am very pleased to speak to this bill presented by my colleague from Broadview—Greenwood. Since he was sent here by his constituents over eight years ago, he has never ceased to apply

his own creative, forward looking brand of politics. He has, in this bill, asked Parliament to look down the road to what is looking at us in the face, a new world of Internet communications, a world of many things, as colleagues on both sides of the House have described.

The government is going to have to direct its attention to this and this is as good a time as any. We should strike now before we end up with problems that are even more difficult to deal with.

This is not a bill, as I understand it, that promotes Internet gaming, but rather is a bill that causes the federal government to occupy a field that is not now occupied at all. One of our colleagues earlier mentioned the Liechtenstein casino which he found available on the Internet here in Canada. There are perhaps many facilities available.

However, many of the members here believe that the federal government should look very closely at this now and occupying the field. What field is it and why? The field is that of gaming by computer on the Internet.

As I understand it, the person who wants to gamble would establish a credit with a casino or gaming organization anywhere outside of Canada and, in many cases, involves jurisdictions where there is not much in the way of regulation. People would first establish their credit and the software can actually be in the computer. They would simply play the games on their own computer. However, before the game is played, they make their bets and access their credit outside of Canada. If they win their credits go up and if they lose their credits go down. The legitimate operators settle with the banking facility almost immediately or whenever the people have agreed with them. In any event, it is there.

In between the person and the gaming facility outside of Canada is what we call the service provider or server, which is a quasi-local communications provider who will permit your computer to access the Internet to the gaming organization. So that is the field.

Right now from Canada we can access anything we want from around the world, as my colleagues have so amply supplied. Why we want to occupy the field is perhaps more important.

• (1820)

The first thing identified has been the absence of any regulation at all. We all remember the Irish sweepstakes many years ago, before the federal and provincial governments had lotteries. That was the only way a Canadian could buy a ticket to win anything other than at the horse races.

Ultimately, Canadian jurisdictions decided to occupy the field and provided us with lotteries. The Irish sweepstakes may still be there, but there are lots of opportunities for Canadians to put a few dollars away on a lottery chance. They do it in huge numbers.

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There are reasons to believe that Canadians will put large amounts of dollars into Internet gaming. We cannot prove it, but we believe it is there. Just as the Internet has mushroomed, Internet gaming could mushroom. As a result, there will be a dollar outflow when debts are made in this fashion.

Second, there is every indication that if there is profit to be made in this, and to be sure there is, organized crime will move in. Organized crime looks for profit, a vacuum or an opportunity. In this case, it is almost certain that if there are profit opportunities in an unregulated way, organized crime will move. It begins with a little extortion here or there and then it applies its resources to cornering, controlling and monopolizing what is otherwise a free market activity. This is not regarded, in our society, as a good thing. It would be considered a bad thing if Canadians were gaming through an organized crime mechanism. It is also a vehicle for money laundering, which we have decided is anti-social.

Third, if the government were to be involved it would provide order in an area where there is now not any order at all. It can be accessed by anyone: minors, fraud artists. Order will prevent or reduce the risk of that being the case.

Other colleagues have mentioned the possibility of taxing for the general well-being the service provider or gaming organization which would be able to operate if this were regulated and authorized under a licence, if the federal government chose to do so or if the federal government and a province chose to do so. There are lots of reasons why the federal government should occupy the field. It could be a complex issue. For that reason, I know colleagues will want to have the benefit of committee views on this.

I support the bill. I want to see Parliament look ahead at what the member for Broadview—Greenwood is holding out before us. I hope this Parliament will be able to take a forward step and get into, if not the gaming business as we have done in lotteries at least regulate the field so that Canadians can do it in a fair way, in a way that suits our social mores.

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

**Some hon. members:** Question.

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

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Milliken):** Carried.

**Mr. Mills (Broadview—Greenwood):** Mr. Speaker, on a point of order. I believe you said industry, when in fact it is supposed to be justice.

**The Acting Speaker (Mr. Milliken):** The motion that was put to the House referred to industry. Is the House content that the matter be referred to the Standing Committee on Justice and Legal Affairs?

**Mr. Kirkby:** Yes, Mr. Speaker, it would be appropriate to refer it to the justice committee. Also, the vote was on division. Is that correct?

**The Acting Speaker (Mr. Milliken):** As the parliamentary secretary wishes.

Is it agreed that the matter be referred to the Standing Committee on Justice and Legal Affairs rather than the Standing Committee on Industry?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Milliken):** Is it agreed that the motion be carried on division?

**Some hon. members:** Agreed.

**The Acting Speaker (Mr. Milliken):** Accordingly, the bill stands referred to the Standing Committee on Justice and Legal Affairs.

(Motion agreed to, bill read the second time and referred to a committee.)

**The Acting Speaker (Mr. Milliken):** It being 6.25 p.m., the House stands adjourned until tomorrow at 10 o'clock a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.26 p.m.)





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