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Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Monday, May 15, 2000

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

• (1105)

[*English*]

JOB CREATION

Mr. Peter Mancini (Sydney—Victoria, NDP) moved:

That, in the opinion of this House, the government should take into account regional unemployment rates when establishing or expanding government offices and agencies so that regions with high rates of unemployment are considered for any new job creation.

He said: Mr. Speaker, I am pleased to rise today on my motion. It should come as no surprise to members of the House that the motion should come from me, given that I represent one of the areas which has had chronically high rates of unemployment for a long time.

We are not alone in that. One of the privileges and I suppose one of the benefits of being a member of parliament is that there is a lot to learn. What I have learned over the last three years is that the chronic rates of unemployment which affect Cape Breton are not exclusive to Cape Breton. There are areas in New Brunswick, including certainly the region represented by the member for Acadie—Bathurst, which have chronically high unemployment.

For the member who is seconding the motion, the gracious member for Yukon, unemployment is no stranger to her riding, as well as regions in the north of the country, northern Manitoba, parts of northern Saskatchewan, and parts of British Columbia. In fact no region of the country is free from chronic high rates of unemployment. As we have said repeatedly in the House, the disparity between the have regions of the country and the have not regions of the country is growing immensely.

One of the ways, and it is a humble suggestion from me, I think the government could address this issue is by incorporating the motion into its decision making process. The motion essentially says that if the government is expanding a government department, if it is creating a new government department, if it is expanding an agency or creating a new agency, part of the criteria as to where that agency or department would be located would be to look at unemployment rates in areas of the country which have chronically high unemployment rates.

It is appropriate that we address the motion on a Monday. Most of us have come to the House this morning from our ridings. I know for me, when I leave the airport in Sydney, Cape Breton, arrive in Ottawa and travel downtown, and then conversely when I go home, it is a bittersweet experience because I see the tremendous wealth in Ottawa, generated and created to a large extent because of the public service in the city in that it is the government capital.

There was a time when it had to be that way. There was a time when in order for departments to run efficiently, in order for there to be a fair exchange of communication, there had to be government departments congregated in one area, and that area was naturally the capital city.

• (1110)

Let me tell the House a little story about what came to light for me. It was given to me in a dialogue with the Minister of Fisheries and Oceans and indeed with his deputy regional director. There is in my riding a radio station necessary for ship to shore communication operated by the coast guard. There was a plan afoot to move that and centralize it in Halifax. Understandably the people in my riding, the people who work in that area, were not pleased to think about having to leave their homes and locate somewhere else.

When I met with the regional deputy director he told me that if they wanted to they could navigate the ships that come in and out of the gulf and the Bras d'Or lakes from an office in Ottawa. I put the reverse to him and said that if they could do that with the technology, surely they could navigate the ships that come in and out of Halifax harbour and other harbours from this location. He began to laugh, so I asked him if I were wrong, if the technology were one way. He had a sober second thought. Maybe he is planning to work for the Senate or to be appointed, I do not know,

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but after sober second thought he told me I was right, that there was no reason.

We know that the Standing Committee on Fisheries and Oceans in one of its reports two years ago, maybe not that long ago, recommended that the Department of Fisheries and Oceans be located on either one of our coasts because there are no fish in the Rideau Canal. The Department of Fisheries and Oceans had made some errors in calculation. It was felt by the standing committee that it would be appropriate for those public servants to be located in the fishing communities to hear from the fishermen directly.

Which coast would be chosen? My suggestion would be, and the motion reads, that one of the criteria would be that the government would look at the areas of high unemployment. I say quite frankly, to have a huge department like that locate in western Newfoundland would be beneficial. I will not even be parochial here, as much as I would like to have it in my own riding. Suppose the department were to locate in Port aux Basques? Suppose it were to locate in Argentia in a community that right now is seeing its resource bases dry up? These would be welcome well paying jobs that would provide some stability in that community.

Conversely, there may be some ridings along the northern coast of British Columbia, and I am not as familiar with them, that would be suitable for the department's location. Would it matter in terms of communication? We have the technology now. That is what we are constantly told by the Minister of Industry. The new technological age allows us to sit at our computers anywhere in the country and effectively do our jobs and run our departments. If the private sector can do that, if it can be done from Ottawa to the regions of the country, then I do not see why it cannot be done from the regions to the centre.

There is another point that I would raise. Some time ago in the 1980s there was some decentralization, which is what it was called then, where the Department of Citizenship and Immigration located in my home town. It is a good thing it did, because as the government divests itself of the Cape Breton Development Corporation, as the government withdraws from other industries and as we face real economic challenges, one of the bright spots is the employees of the Department of Citizenship and Immigration who are keeping the downtown core alive to a great extent. They are the people who can afford to buy lunches, buy clothes and whatnot to keep small entrepreneurs in business. If these small entrepreneurs were supplying goods to various departments they could benefit.

I had an exchange earlier in my term with the Minister of National Defence. We do have a small base in Sydney. When it came time to refurbish it, two of the local small business entrepreneurs went to the department to try to sell furniture. They were rebuffed. The furniture came from somewhere else. There was no spinoff in the local economy from that, shamefully, but had there been a fairly substantial government department or agency there is no question that it would benefit the communities.

• (1115)

If we do want to question that, we need only look at the cities in the country where the civil service and government expenditures laid the foundation for an economy. I am happy for the people of Ottawa, but in this city today we hear constantly of large high tech corporations locating here. They are doing so in part because there is a stable financial base here.

The same is true in Halifax in the province I come from and of Moncton or Fredericton, New Brunswick. The civil service has provided a stable economic base for investment. Frankly, the wealth being generated in some of those capital cities today by the private sector certainly would allow the public sector to move out without tremendous disruption, especially if it is a new agency or government department.

Another example is the recent announcement by the Minister of Canadian Heritage of \$48 million for a national war museum. I have nothing against a national war museum but I do not know why it has to be in Ottawa. I do not know that there is any particular reason that expenditure of money has to be spent here. It provides construction and tourism jobs. It attracts tourists to a particular area. Why not look at an area of the country that proudly served by sending its soldiers, sailors and airmen over? It could be in any particular part of the country as no region has a monopoly on courage. We could look at an area with high unemployment, which made a significant contribution to the war effort, and locate that museum there. It would serve as a focal point for tourism, would provide construction jobs and what have you.

Instead, it will be yet another expenditure in this city. Just as it is completed, I suppose the the multimillion dollar renovations to the Parliament Buildings will take place. I do not know how far they will go but there are plans to create boulevards in this city, all of which are government expenditures. Since I have come to this city, I have seen the road outside my office paved three times. People in my riding would give anything for one-tenth of the paving budget alone that is spent on government buildings here in Ottawa.

If we look at how the expansion of the national capital region to Hull enhanced the economy in that particular area, it certainly shows that it can work.

I also point out that we in Cape Breton have been criticized because of the Devco expenditures. People have said that the government spends millions of dollars on the coal industry. I ask members to think about the following fact and what it would mean in their own ridings. In the city of Halifax there is something like \$60 million deposited into bank accounts every two weeks by way of civil servants' pay. The civil servants do important work and heaven knows we agree with the work they do. However, if I had one-quarter of those pay cheques being deposited in my riding, it would go some lengths to offset the loss of jobs we are going to suffer when the federal government pulls out of the industry.

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It is interesting to note that Canada's newest territory, Nunavut, recognized the importance of doing this kind of work. Nunavut stands out for having recognized the failure of the federal government on this front and has set out recommendations in a detailed plan outlining the priorities for the new territorial government. It is entitled the Bathurst Mandate. One of the things the new government recognizes is that if people are going to feel connected to their government, if they are going to feel that they pay taxes and should receive some benefit for that not just in services but in economic development, then one way to do that is to provide those outlying communities with government departments. As I have said, why should we not? The technology is there.

Nunavut is calling for the fulfilment of the commitments of government to deliver employment to decentralized communities. How better for a community to feel connected to the federal government and to see some benefit for the taxes they pay than to see the government spending some money in their own community?

• (1120)

Through partnering arrangements, the government does spend money in terms of paving, assisting provinces and in medicare. Every day in the House we have debates on whether or not the federal commitment is enough.

I will use another example, the new gun registry. To the government's credit, the registry was not located in Ottawa. The gun registry is a very real and tangible expression of government expenditures in a community.

I do not want to touch on the HRDC scandal that has occupied so much of the House's time, but instead of arbitrary criteria, what I am saying in this motion is that one of the compelling criteria in determining where those government offices should be located would not be political patronage but would be in areas of high unemployment.

It is very hard to justify, in this day and age, setting up a government agency or a government department in a city like Ottawa when we have regions in the country that have, in my particular hometown, an unemployment rate of 21% to 22%. I will not just single out Ottawa. It is also difficult to justify putting it in Toronto where there are predictions of a shortage of skilled labour. I submit that it could be a saving to the taxpayers in terms of the amount of taxes the Government of Canada would have to pay on a building with a high square footage because of the crowding and the land value in certain areas. If the buildings are located outside the major centres in areas of high unemployment there tends to be empty office buildings.

If we were to walk down the main street of Sydney Mines or of Plymber Avenue in New Waterford, I could show the government empty buildings that it could fill with a government office or agency at a fair savings to Canadians.

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, the member has brought forth some good ideas with his private member's motion. If we could use employment insurance, as the hon. member has decided, it would in fact not be used in a political way.

I want to draw members' attention to what the hon. member had to say about the headquartering of the gun registration in New Brunswick. There was nothing wrong with that in itself. It outlined the principles of the hon. member's motion. However, the moment the government changed in New Brunswick there was some sort of threat that the office of registration should move. That clearly indicated to this controversy all across Canada, that EI is indeed being used for political purposes, which it should not be, simply because people from across Canada pay into this and there is nothing wrong in supporting regions of low unemployment with government offices.

In the province that I come from many things were moved out of the city of Regina into the smaller cities where it could be handled. Crop insurance is in Melville, and so on and so forth. Retirement is out of the city. It provides employment in the smaller areas of Saskatchewan. That point is good.

I want to mention what he had to say about having the road paved three times in front of his office. When I first came here a chap of a French dialect said to me "Monsieur Bailey, I want to tell you that in Ottawa we have two seasons." I said "Oh, what are they?" He said "Winter and construction." That stuck, and is quite true; we do spend a lot of money here. I would disagree with the hon. member, however, on the site of the national war museum. Aside from that, his points were very well taken.

• (1125)

The other day I briefly mentioned the fact that when young people in my constituency get the chance they jump to get on oil rigs. They work 12 hour shifts until the rig goes down and then they have to come home. Most of them qualify for EI benefits. However, if they are living with their mother and dad on a farm, if they do not have a permit book and are not registered as farmers, they do not qualify. That is an injustice. Everybody in here knows that. It is a misuse of funds. We should take advantage of this time in the House to tell the people in charge of EI that this is not a tax and should not be used as a tax. We need to make sure that everybody can qualify.

My hon. colleague, in speaking about his own constituency, said that he was well aware of the high employment rate and so on. I want to describe to the House a case that is before me at the present time of a terrible injustice for which no one is willing to lend support to correct.

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I am aware of a 24 year old young man who has spent all his working time on the oil rigs. He had a very bad accident and can never return to the work he was doing. EI and Human Resources Development very promptly and very correctly provided funds to this intelligent young man to upgrade his skills in order to find work in the future and be able to earn enough money to pay child support which he had always paid.

Human Resources Development through EI got this man into training and he was doing well. However, another branch of government took away the funding for his training and sent it off for child support. He is now not only broke and desperate but, quite frankly, I think he is suicidal.

There is something wrong with government agencies working against one another. This is but one case. I know of several other cases. This issue should be examined. Many different departments have been approached, as well as the Minister of Justice, the Prime Minister and provincial officials. No response has ever been received on this huge problem.

The member talked about new job creation. I do not think anybody would argue with that if this was totally without political interference. I have no argument whatsoever that we could move many institutions from Ottawa to other parts of Canada and EI would be one of them. I do not think we should ever be found guilty of using this money as a political tool.

I do have trouble knowing the tremendous profit that goes into general revenue from this. I have no hesitation to agree with the government when it says that it needs a surplus in case of a shortfall but how much of a surplus does it need? The workers out there now consider this to be a tax and not an insurance.

The final point I want to raise relates to students.

• (1130)

I remember the first paying job I ever had. There was no EI around at that time. Young people may get their first job at Dairy Queen or McDonald's. When they get their first paycheque they see two big deductions. One is income tax and the other is EI. Income tax is taken off even though they are students, and they can never reclaim the EI deduction. We encourage our young people to find work, but there should be a declaration of some type which would limit the amount of the EI premiums they have to pay. It is a little disappointing for the 14, 15 or 16 year old who gets that first paycheque to see the amount of the deductions. After all, we have \$27 billion sitting in Ottawa. We need to look at this in a big way because it is unfair.

I would like to commend the hon. member for his job creation motion. I would like to believe that this money would not be used

for political purposes, but somehow I do not have any firm belief that would happen.

This is a non-votable motion. It is Monday morning and this is a private member's motion. Who cares. However, before we dismiss it totally I would say that there is meat in this motion which should be considered by both sides of the House.

I hope hon. members opposite and on this side of the House realize that corrections can be made to Canada's employment insurance system. They should listen and pay heed to the private member's motion and to some of the serious problems that I have brought forward this morning. I would hope that anyone watching today would pay heed as well.

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, I want to thank the hon. member for Sydney—Victoria for his job creation motion and inform him that, in principle, we on the government side of the House are not opposed to the intent of Motion No. 268. The government is already doing exactly what he proposes we do.

The government's vision has always been of a strong and vibrant country where prosperity is shared across all regions. That is why we continue to be committed to a job creation strategy that focuses on helping the private sector to grow. This in turn fuels job creation in the private sector, which is exactly what we all want to achieve.

While all federal organizations support the government's job creation priority, Western Economic Diversification Canada, Industry Canada, the Economic Development Agency of Canada for the Regions of Quebec and the Atlantic Canada Opportunities Agency play a key role in advancing our jobs and growth agenda. These organizations work in partnership with other levels of government, associations and the private sector to help entrepreneurs establish new businesses and help existing businesses grow and prosper. The member for Sydney—Victoria did recognize that.

At the national level, these organizations work together to increase Canada's share of global trade. They work to improve the conditions for investment in the Canadian economy. They promote improvements to Canada's innovation performance and help build a fair, efficient and competitive marketplace for businesses and consumers.

At the regional level, these organizations have programs in place that are tailored to specific regional needs. At the same time, these programs support broader objectives, such as targeted job creation, export promotion, improvements in the business climate and access to financing and technology information.

At the local level these organizations partner with communities and associations. One of their partners is the network of over 250 Community Futures Development Corporations that are spread right across this country. These grassroots organizations, supported

by a voluntary board of directors and a small paid staff, deliver programs to establish or expand local businesses, which in turn create new jobs in the community. As for the operations of the federal government itself, we have offices right across the country which represent a significant presence in each and every region.

• (1135)

I reiterate that, in principle, the government is not opposed to the intent of the hon. member's motion. Indeed, when the opportunity presents itself to expand federal operations in the region, we have done exactly what the member proposes.

The Summerside experience, for example, is an excellent case in point. In this instance we worked with the provincial government to offset the impact of the closure of CFB Summerside. We established a new GST centre, while the provincial government transferred Holland College's Police Academy to Summerside. These moves were followed by extensive and diversified new private sector activity in conjunction with the establishment of Slemon Park.

I note that, in practice, areas of high unemployment are already one of the considerations when there is to be an expansion or new establishment of government offices. The reality, however, is that today expansionist governments are effectively extinct. I can empathize with the concern that we, as a government, need to do everything possible to create new jobs and opportunities for our citizens. At the same time, I believe that all members appreciate the fact that today bigger government is not the answer to new job creation.

That is why instead of a strategy of government job relocation or creation our government has chosen to focus on a different strategy. Instead of moving existing government jobs or expanding government activity, our approach has been to help create brand new jobs in the private sector.

The recent Cape Breton experience is another case in point. Instead of taking government jobs from one area and relocating them, the government chose to work with the provincial government and the private sector to help create new jobs. As a result of these efforts, EDS Canada recently announced that it will establish a contact centre that will help create up to 900 new full time jobs in Sydney over the next four years.

I am very pleased to say that our approach is working, not just in Atlantic Canada, but in every region of the country. Our approach is helping to create new jobs. These new jobs continue to be created month after month after month. According to Statistics Canada, April marked the 27th consecutive month that the Canadian economy produced job growth. In real terms this growth has fueled the creation of 115,000 new jobs in the first four months of this year.

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The effect of our focus on job creation can also be seen in the unemployment rate, which remained at 6.8% in April. This level is the lowest in almost a quarter century. In fact, we are now a full 4.6% down from the 11.4% unemployment rate which we inherited just after taking office in October 1993. The translation is, we have reduced the unemployment rate by over 40% since 1993.

This goes to show what our commitment and determination, coupled with the right policies, at the right time can achieve—more new jobs for more Canadians. These increases add up to a significant number of new jobs. As of today over 1.9 million new jobs have been created since we took office in 1993. I have no doubt that our jobs and growth strategy will continue to help Canadians in all regions, just as we will continue our focus of creating more jobs and lowering unemployment.

Statistics Canada reports that Canada is on a run of economic growth that is the longest it has ever measured—18 straight quarters of GDP growth. Moreover, the composite leading index, that is, the indicator of projected economic growth over the next three months, rose 1.1% in March, almost doubling economists' expectations of a .6% gain.

• (1140)

The policies and measures put in place by this government are working. Even more important is the fact that more Canadians are working as a result of our efforts. We have helped to create new jobs. We have helped to create a climate of growth.

The finance minister's budget 2000 will keep the growth and momentum going and help to make Canada the place to be in the 21st century. Budget 2000 continues our efforts to put forward a balanced approach to creating new prosperity and enhancing the quality of life of all Canadians in all of our regions.

Our approach is one of balanced budgets and lower public debt, as well as lower taxes, especially for middle and low income Canadians and families with children. Our approach is one of smart, strategic investments and initiatives that will boost job creation, productivity and our standard of living. Our approach includes initiatives to strengthen our health care system, promote knowledge and innovation and ensure the quality of our environment.

Our government's record of prosperity and job creation is strong. The member does not have to take our word for it. Look at the agencies that monitor these situations. We are working to ensure that every region benefits from the new economy and new job creation. Our vision for the future is clear. We want our citizens to be skilled and knowledgeable. We want our businesses to be successful and competitive. We want our country to remain strong and prosperous.

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[Translation]

Mr. Ghislain Lebel (Chambly, BQ): Mr. Speaker, I listened with considerable interest to the member who has just spoken. It is a good thing that he only had ten minutes, because, had we let him go on, we would have ended up with a shortage of unemployed people in Canada.

It would perhaps be a good idea to look closely at the NDP member's proposal and read the motion. It provides:

That, in the opinion of this House, the government should take into account regional unemployment rates when establishing or expanding government offices and agencies so that regions with high rates of unemployment are considered for any new job creation.

I do not know if the member is aware of the scope of his motion. I was involved in the 1993 and 1997 election campaigns and I saw the Liberals opposite waving about the famous red book, which, the second time round, had rather a warmed over look about it. However, the government did not object.

The government is being asked today to honour its promises and do what it has always promised in the regions. The member who spoke before me gets around this when he says that unemployment dropped by 40%. This is why I was saying we will end up with a shortage of unemployed people. The member should have said that 40% of the 12% it had been, and it is still high, unfortunately.

Some 20 RCMP investigations are under way in management at Human Resources Development Canada. I did not invent that figure. It was in the papers again this morning: all sorts of misappropriation.

The minister explained her terrible boondoggles by saying that there were pockets of unemployment in the regions and that the department was acting based on these pockets. I wonder which pockets.

In any case, in response to a simple application for a name change, HRDC gave \$720,000 to a company that had 118 employees and transferred them three or five doors down the street. Meanwhile, in my riding of Chambly, which is neither poor nor rich, just average like most constituencies represented by my colleagues, we feel that we are not getting our fair share, as the hon. member from the NDP pointed out.

When a party like the one in office has 98 of its 155 members coming from Ontario, it knows which side its bread is buttered on.

• (1145)

This is a recurring story itself, with the result that, since Confederation, the regions have been ignored, except during election campaigns, when politicians come and promise the world to everyone. But once they are elected, they make cuts affecting the

regions and they centralize everything around the national capital, Ottawa, instead of trying to give the regions a fair share of the economic spinoffs resulting from government activity.

There are, of course, some exceptions. Unfortunately, these exceptions are all found in the 20 investigations currently being conducted by the RCMP on all kinds of misappropriation.

Is the hon. member of the NDP aware that Atomic Energy of Canada is preparing to outsource the building of its Candu reactors to someplace in Asia, Vietnam or a neighbouring country? I learned this last week when doing research on various government agencies, at which time I discovered that it has been five years since Atomic Energy Canada submitted its five year plan to parliament for approval, as it supposed to.

This has been going on for five years, under the supposed pretext that there is restructuring going on. As well, there are preparations under way for signing agreements with Vietnam and Cambodia, I believe, for production of Candu reactors over there. This is totally against the very principle of the motion by the hon. member from Nova Scotia and the totally gratuitous statements made by the Ontario member who spoke before me.

A total of \$12 billion of Canadians' hard-earned dollars has been invested in Atomic Energy Canada at a time when there was no hope of any clear benefit from the production of Candu reactors. Time has passed and the interest has built up. If Atomic Energy of Canada were to pay back capital and interest to the Government of Canada, the total would be impressive, so much so that the figures might seem unrealistic. The interest that would normally have been paid back to the government was therefore written off.

This is a little like the government telling Canada Post "I transferred assets to you when I created Canada Post, so now I am entitled to dividends. I want to be reimbursed". This is why André Ouellet, the President of Canada Post, pays the government dividends every year. Last year, he handed over \$200 million in dividends to the government and he will likely hand over the same amount, maybe a bit more, this year, because Canada Post Corporation is doing quite well.

Why does the government require Canada Post Corporation to hand over dividends, but not Atomic Energy of Canada? For the simple reason that taxpayers are the ones who are going to be paying dividends to the federal government through Canada Post Corporation. They are easy to overtax and shove around because they do not answer back or, if they do, it is just part of the general background buzz, and no one pays any real attention.

But when Atomic Energy of Canada gets ready to contract out the building of its Candu reactors, there might be a slight possibil-

ity of some small benefits, rather than the already considerable capital losses and interest loads associated with this kind of project. But no, the government is going to contract this out to another country.

That is how this government treats Canadians who, election after election, want to see the government's actions produce some economic benefit. Generally, the parties that take office hold out the promise of tremendous post-election economic growth in the form of job creation.

In my riding, for instance, Marieville is located in one zone, because Canada has been carved up into zones for the purposes of the transitional jobs fund.

• (1150)

If you have less than 12% unemployment, no business in your riding or your region is eligible for the transitional jobs fund. Marieville, a pretty town in my riding, is a major centre. The region is almost 100% agricultural. The people not working in the farming community come into the major centre. The town of Marieville itself has perhaps 22% or 24% unemployment. However, neighbouring villages have almost full employment. There are family farms and small family businesses linked to the field of agriculture.

Marieville is being penalized, because it is in an area with less than 12% unemployment. If we isolated Marieville, it would be a pocket of unemployment in the opinion of the Minister of Human Resources Development and the Prime Minister. He considers these pockets when they are in his bailiwick, which is Saint-Maurice. He considers them such all the more since the RCMP is considering them as well, because it went rooting around there.

Why do these famous pockets not count elsewhere? Perhaps because the elsewhere did not elect someone in the party in power. What bothers me and what the member for Nova Scotia is right in saying is that this business is unfair.

Apart from those around Ottawa, in Ottawa itself, or in Ontario in the case of many, Canadians do not feel they are getting fair benefit from the government's economic activities. The government generates activity, for example for document printing or for jobs for public officials.

Although not necessarily for the same reasons as the Canadian Alliance, the Bloc Québécois, for its own reasons and after considering all that I have said, feels it has to make the government see things as they are. It has to say to the government "You do not do what you should be doing unless you get a push from behind". It takes motions such as the one by the member for Sydney—Victoria to say to the government "If you are unfair, rotten to the core, do not give people that impression. Try to at least appear to be fair". That is what we want.

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[English]

Mr. Mark Muise (West Nova, PC): Mr. Speaker, I am pleased to participate in the debate on Motion No. 268. This motion would see the federal government take into consideration regional unemployment rates when establishing or expanding government offices and agencies so that regions with high rates of unemployment would be considered for any new job creation.

I would like to congratulate my colleague from Nova Scotia the member for Sydney—Victoria for drawing the government's attention to the serious unemployment problem which exists in the maritime provinces. The member would likely agree that the Liberal government has done little if anything to stop the tide of our young and brightest Atlantic Canadians who are being forced to relocate to other parts of the country in search of employment. Even the Prime Minister has failed to recognize the serious brain drain problem in the country.

It was indicated in the comments by my colleague from across the way who spoke earlier that everything is rosy. In certain parts of the country unemployment rates are low, but I can assure my hon. colleague that the unemployment rates are very high in the Atlantic Canada ridings, and more specifically the riding of West Nova which I represent. Unemployment in seasonal work is very high. The amount of seasonal jobs are high as well which causes a lot of unemployment.

Another issue which is important in West Nova is the brain drain. The last census showed that over 2,000 people have left the riding. These people are between the ages of 18 and 35.

• (1155)

[Translation]

With a population of approximately 70,000, West Nova cannot afford to lose 2,000 of its brightest inhabitants. It is time the federal government did something about this problem before more of our young people decide to leave.

[English]

I can certainly sympathize with the hon. member for Sydney—Victoria. All Canadians are aware of the many difficulties that have plagued Cape Breton Island over the past decades. Unemployment is at an unacceptable level. Therefore it is paramount that the government do something to assist future economic development in that area as in most areas of the Atlantic provinces.

The Progressive Conservative Party recognized the serious problems facing Atlantic Canadians. That is why in 1987 the Progressive Conservative government of the day announced a new direction for regional economic development policy in Canada. That Progressive Conservative government was responsible for

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creating the western economic diversification program and the Atlantic Canada Opportunities Agency.

I might add that earlier my colleague opposite seemed to speak in very positive way of those things which the Progressive Conservative Party put forward and which the present government has adopted as its own. It is interesting that when things look bad, government members point the finger at us. They would probably point the finger at Sir John A. Macdonald if they thought they could get away with it. But when it is an issue that has worked well for parts of the country, they take it as their own.

One of the very important components of these two new agencies was precisely the moving of government's regional development decision making out of Ottawa and closer to the people it serves. This policy helped to address some of the concerns referred to by the hon. member for Sydney—Victoria in the motion he has put to the House.

Obviously much more needs to be done to help Atlantic Canada. The Atlantic Canada Opportunities Agency was given a legislated mandate which in part reads "to increase opportunity for economic development in Atlantic Canada and more particularly, to enhance the growth of earned income and employment opportunities in that region". In many instances ACOA has achieved those goals.

The Atlantic Canada Opportunities Agency has enabled many small and medium size businesses in the Atlantic provinces to create jobs that otherwise would not exist. Its involvement in the region's economy has resulted in an important net positive contribution.

Despite its success, there have also been some publicized failures. These failures have been harshly criticized for some of their business decisions and rightfully so. Overshadowed by this criticism is the fact that there have been countless success stories throughout the Atlantic provinces; companies such as Tri-Star Industries in Yarmouth which, with the help of ACOA, is now exporting ambulances throughout the world.

There are problems with ACOA. Improvements must be made to ensure that Canadian taxpayers are getting true value for their investment. However, unlike the reform party, I do not believe in running away from the problem and turning our backs on Atlantic Canada. Let us work together to make necessary changes to ACOA so that Atlantic Canadians can benefit from this agency and ultimately create new long term jobs for our youth.

When the reform party calls for the disbanding of ACOA, it fails to recognize the fact that most chartered banks in Atlantic Canada are quite reluctant to support a small business venture unless it is willing to provide between 30% and 50% of its own equity. Unfortunately most aspiring entrepreneurs are unable to meet this demand. Without ACOA having taken a chance on individual projects, many would not have gotten off the ground.

The hon. member for Sydney—Victoria has introduced a motion calling upon the government to focus greater attention on regions with high rates of unemployment when establishing or expanding government offices and agencies. Unfortunately the opposite appears to be happening. Already the federal government has made huge cuts in the federal civil service.

I will take a moment to speak to the comments made earlier by my hon. colleague on the Liberal side. He said that job creation was going very well.

● (1200)

I am thinking specifically of my part of the country, the riding that I represent, West Nova. We have seen many jobs in Yarmouth, for example, being pushed off to more centralized locations in other parts of the province. These are jobs that are valuable and needed in an area where unemployment is too high.

Another issue which I think is very important is the CBC, the links it provides and the potential removal of local broadcasting centralized in Toronto. This is another issue in which the government seems to lack the foresight and the intention. I would stress that it should keep pushing to make sure that local broadcasting can remain in local areas.

On the weekend the Right Hon. Joe Clark, leader of the PC Party, made a commitment to all Atlantic Canadians that our party would be working hard on their behalf to help them achieve their maximum potential. As the member for West Nova and a proud Atlantic Canadian I will do whatever is necessary to help us achieve that goal.

The Deputy Speaker: If the hon. member for Sydney—Victoria, I should advise the House, speaks now he will close the debate and exercise his five minute right of rebuttal.

Mr. Peter Mancini (Sydney—Victoria, NDP): Mr. Speaker, I thank members of the House who participated in the debate for their thoughts and for their ideas.

Because I only have five minutes I want to comment on the remarks of the member for Hamilton West. I will concentrate there first because I am not sure he understood the importance of the motion. He spoke about the accomplishments of his government in terms of reducing unemployment. Again, I do not want to be political and I do not want to be critical for the sake of being critical. There are areas in the country where government policy has worked extremely well, but there are areas in the country where it has not worked.

As much as Toronto, Ottawa and perhaps Vancouver have unlimited growth, it very difficult in regions of the country to pick up national newspapers that talk about the unprecedented growth and the economic strength of the country and walk out to the main

street of our downtown and see boarded up buildings and young people leaving our communities because the unemployment rate is 20%, 21%, 24%, and, heaven knows, in some of the native communities it is 75%.

While there is economic growth and that growth is important to help carry the regions which do not have the growth, we do not want to be carried any more. We want to be self-sufficient and make a contribution.

The member said that they appreciated the intent and were doing what the motion says. Then he went on to talk about the private sector. If that is the belief then all government departments should be sent out of this city and the private sector should be the sole engine of growth in Ottawa. Give us the \$60 billion of the Department of Human Resources Development and put it into the main street in my hometown. I would be happy with it. Take the Department of Fisheries and Oceans and put it somewhere in Newfoundland. Take the Department of Transport and put it in western Canada. Let the private sector be the sole engine of growth in this city.

I do not want to get too angry. When we hear that in other regions of the country there is a temptation to say the government does not care. It says that we should do as it says, not as it does. I want to make very clear that if the Liberal Party and the member support the intent of the motion, we would look forward to receiving some of the things that could be located in our area.

I know the member from Bras d'Or has written to the Prime Minister and suggested that the Canadian Tourism Commission be located in Cape Breton. The government keeps telling us that tourism is the way to do that yet there is no sign of it. When this commission is created it would not even be missed in this town, but it would be a centre of good jobs and some money located in the community I represent. Then if someone wants to open a little coffee shop or a restaurant, he or she knows there will be some people there who will spend some money.

• (1205)

The member for West Nova touched on the CBC. I think that is a prime example. There is talk of centralizing, of cutting regional broadcasting across the country and centralizing the whole operation. Centralizing it where? In Toronto where the government's policies are working, where there is low unemployment, where a centralized broadcast is not needed. One of the conditions for the CBC to get some of its licensing was that *Newsworld* would be run and operated out of Halifax. There was a commitment to the intent of this motion but now we see that being cut.

We have been through this in the smaller centres. We dealt with cuts to CBC and the loss of a regional broadcaster and a local supertime news hour 10 years ago when we lost it in Cape Breton and it went to Halifax. Now we are being told it will go from Halifax to Toronto.

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The CBC is a crown corporation and the government does not have a complete hands on approach, but surely it would say that its intent and in the spirit of the motion, if the regional supertime news hour has to be cut—and I do not think the government could justify it—that it should be located somewhere in western Canada in an area where there is high unemployment.

I did a show with Ralph Benmergui one time and that is what he said to me. He talked about Devco and I asked him how many people were employed in his building in downtown Toronto by the government and paid by taxpayer dollars. I would like to see a little more decentralization.

The Deputy Speaker: The time for the consideration of Private Members' Business has expired. As the motion has not been designated as a votable item it is dropped from the order paper.

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[English]

CANADA TRANSPORTATION ACT

The House proceeded to the consideration of Bill C-26, an act to amend the Canada Transportation Act, the Competition Act, the Competition Tribunal Act and the Air Canada Public Participation Act and to amend another act in consequence, as reported (with amendment) from the committee.

SPEAKER'S RULING

The Deputy Speaker: There are seven motions in amendment standing on the notice paper for the report stage of Bill C-26, an act to amend the Canada Transportation Act, the Competition Act, the Competition Tribunal Act and the Air Canada Public Participation Act and to amend another act in consequence.

Motions Nos. 1 to 4 will be grouped for debate and voted on separately.

Motions Nos. 5 and 6 will be grouped for debate and voted on separately.

[Translation]

Motion No. 7 will be debated and voted on separately.

I shall now propose Motions Nos. 1 to 4.

[English]

Ms. Bev Desjarlais: Mr. Speaker, I rise on a point of order in relation to Group No. 1. I wish to withdraw Motion No. 2.

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(Motion No. 2 withdrawn)

MOTIONS IN AMENDMENT

Ms. Bev Desjarlais (Churchill, NDP) moved:

Motion No. 1

That Bill C-26, in Clause 3, be amended by adding after line 42 on page 7 the following:

“(2.1) Every licensee who contravenes subsection (2) is guilty of an offence and is liable (a) on summary conviction, to the suspension of its licence for a period of up to five years and a fine of not more than \$25,000; or (b) on conviction on indictment, to the suspension of its licence for a period of up to five years and a fine of not more than \$50,000.”

Motion No. 3

That Bill C-26, in Clause 4, be amended by replacing lines 46 to 48 on page 9 and lines 1 to 3 on page 10 with the following:

“subsection (1) or (2) on its own motion.”

Motion No. 4

That Bill C-26, in Clause 4, be amended by adding after line 3 on page 10 the following:

“(6.1) Where the Agency makes a finding, under subsection (1), that an increase in fare is unreasonable, the Agency may, in the case where the increase during the year is at least 1.25 times the inflation index for that year, order an investigation of the circumstances surrounding the increase in fare and make any ruling it considers appropriate in the circumstances.”

She said: Mr. Speaker, it is with some disappointment that I am here at report stage dealing with amendments which I hoped would give some kind of clout to the piece of legislation before us.

It was quite apparent through numerous witnesses at committee and numerous comments by committee members that there was much fear out there with regard to having a monopoly carrier in Canada. There was a lot of concern from airline travellers, a good number of them members of parliament who sat around the committee table, and a good many who had horror stories and complaints about the way things were already being done since December 1999 and January of this year when the merger started to show the first signs of how things would be.

With all the talk among committee members and witnesses I was initially getting the impression that we would actually see the committee put some strong rules in place to control this monopoly carrier, to control prices throughout Canada and to provide service to communities. In spite of all that talk, all that huff and puff, we have before us a piece of legislation that is fairly lacking.

• (1210)

I hoped that by making some amendments we could at least have a bit of meat in the bill to give the Canadian Transportation Agency some chance at dealing with a monopoly carrier and to give the Competition Tribunal an opportunity to do something. We listened

to these two bodies that appeared before us indicate that they did not have the rules in place to put the clamps on a monopoly carrier.

With regard to the amendments in Group No. 1, I have moved three amendments which I believe would certainly give the opportunity to provide that. I will take this opportunity to emphasize Motion No. 1 which reads:

Every licensee who contravenes subsection (2) is guilty of an offence and is liable (a) on summary conviction, to the suspension of its licence for a period of up to five years and a fine of not more than \$25,000; or (b) on conviction on indictment, to the suspension of its licence for a period of up to five years and a fine of not more than \$50,000.

This is not the exact similarity, but it was intended that this amendment would deal with the situation similar to the one involving InterCanadian in the last part of 1999 when it withdrew service in a matter of a day or so and a lot of travellers were left stranded.

I think everyone has recognized that in the case of InterCanadian there were some real serious financial problems. We have rules in place to address that, but a discussion took place about situations where a carrier just says to heck with it, does not abide by the rules that are in place, does not give the required time limits to withdraw service, and goes ahead and withdraws.

The bottom line was that we have rules which say the carrier should not do it, but there is no penalty to emphasize that it was not okay for the carrier to withdraw the service and start up somewhere else. There should be some kind of penalty in place. If a carrier has the means to continue the service and the means to give reasonable notice, it should do it. This amendment would give the legislation some clout.

We had numerous witnesses who appeared before us at committee saying that they wanted to know the rules when they got into the game. They did not want to go before the CTA and find out that it will do it this way or that way. They wanted to know upfront what the rules were. That was the indication for the first amendment.

The second amendment in Group No. 1 is in relation to the Canadian Transportation Agency having to wait to get a complaint before it could review a situation. When we have an agency such as the Canadian Transportation Agency and we want it to have the power to deal with issues, we should accept that maybe it could look at a situation and say that it is not right. It should be able to go in and investigate. It should not have to wait a period of three or four months until unsuspecting consumers get up in arms, ask that something be done about it, and realize they have to put in a complaint. We have a qualified group of people at the Canadian Transportation Agency. Let us give them the authority to intervene and investigate on its own initiative should it see the necessity to do so.

Motion No. 4 refers to when the agency may want to review the pricing. We heard a whole pile of complaints come across the

committee table from all members about how terrible the price gouging was and about how terrible Air Canada was being already. What was the result of the committee? It wanted to give it six months and if it appeared there was a problem the committee would review it. Boy, did that ever put a lot of meat in the bill; let us give them six months and we will see how things happen.

• (1215)

I would suggest that we have some rules in place. Motion No. 4 reads in part:

Where the Agency makes a finding, under subsection (1), that an increase in fare is unreasonable, the Agency may, in the case where the increase during the year is at least 1.25 times the inflation index for that year, order an investigation of the circumstances surrounding the increase in fare and make any ruling it considers appropriate in the circumstances.

Again, it recognizes that the agency is qualified and should be able to review. It knows all the different fares involved in the airline industry.

Most passengers do not know the number of fares involved. They do not know what applies in certain instances but the agency does. We need to give the agency that opportunity. We need to give it something to go by. Again this reflects what the witnesses said, that they want to know the rules before going in. If they know the rules ahead of time, and they know that if the increases are above a certain point and there can be an investigation, at least it is going to put the clamps on those airlines which may decide to raise their prices to heaven knows what.

Those are the three motions in Group No. 1. I am not going to go on about it. Members know what has been happening; certainly the committee members know. Over the weekend the government should have had a little insight into the fact that the bill has not given any clout whatsoever to the Competition Bureau or to the CTA in regard to addressing the problems that are going to be. I would hope it would see fit to put some rules in place in the legislation so that we are not reviewing some whimsical idea of what we think may happen with Air Canada or any other monopoly carrier.

Hon. David M. Collenette (Minister of Transport, Lib.): Madam Speaker, I welcome the opportunity to deal with the amendments from the New Democratic Party. I understand the reasoning in putting the amendments forward but we believe the three amendments should be defeated, notwithstanding the sentiments that I understand.

Motion No. 1 mixes the questions of licensing and penalties for offences. I remind hon. members that section 174 of the Canada Transportation Act already provides for penalties for contravention of section 64 as follows:

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Every person who contravenes a provision of this Act or a regulation or order made under this Act, other than an order made under section 47, is guilty of an offence punishable on summary conviction and liable

- (a) in the case of an individual, to a fine not exceeding \$5,000; and
- (b) in the case of a corporation, to a fine not exceeding \$25,000.

The motion insofar as it provides for penalties would overlap and be inconsistent with section 174. At the very least we would need to provide that section 174 does not apply to any offence covered by subsection 2.1.

Also, section 65 provides that in cases of failure to comply with section 64 the agency may direct the reinstatement of the service, which is considered the most appropriate remedy.

Motion No. 3 removes the time limit during which the agency can act on its own motion on review of prices on monopoly routes. The government is of the view that such time limits are appropriate to cover the transition period. As we move to a more healthy and stable airline industry, the government has given itself the latitude to extend the period of time for an additional two years if competition is not developed and there remains a significant number of monopoly routes.

The hon. member may be able to make the case that during the statutory review of the Canada Transportation Act which must begin July 1, this period could be extended even further. We are open to that.

• (1220)

When we debated this in the department, I was very insistent that we put this clause in to allow the agency on its own motion to review the monopoly prices and have the power to roll back and not just wait for complaints. We have to have a proactive Canada Transportation Agency. We have seen in recent weeks some of the inherent dangers. Notwithstanding all the best intentions that Air Canada may espouse, the fact is that when one has 80% of the market, there is a tendency to try to push the envelope a bit more.

On the question of monopoly prices, we want to make sure that small communities are protected. Even though I believe we are going to get a lot of competition in the months ahead, there is no question that some of the smaller communities are vulnerable because they may not be as attractive to competitors. Therefore, the only way we can help the people in those communities is to put this particular clause in play.

This in effect is going to have a two year life. If toward the end of next year we believe that is not going to be enough, then I would certainly, if I am still Minister of Transport at that time, be open to bringing forward amendments to the Canada Transportation Act to entertain extending this motion on its own motion authority for the CTA. The hon. member has made a valid point. Even though I

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think the transition period will deal with these issues, we cannot ultimately let the power lapse if indeed it is required. I hope that will help the hon. member even though she probably will not withdraw her motion at this stage.

We also think that Motion No. 4 should be defeated. The current process puts the onus on the carrier to produce a fair rate that is reasonable in the opinion of the agency. The effect of this motion would allow the agency to fix prices where certain indices have been met. That goes a bit too far in terms of reregulation. The government prefers to have the agency retain the discretion it would have under the provisions of Bill C-26 as they currently read.

When this was debated in the department a balance had to be struck. If we accept the amendment, we are going further down the road to adopting the 1987 psychology with respect to the Canada Transportation Act which really reregulates the whole market.

Even though I think my friends in the NDP and others make valid points that base airfares have grown unconscionably in the last 10 years, the fact is that advance booking fares and all the other fares one can get with layovers are reasonable. We cannot forget that about 90% of the travelling public use that kind of method. The number of people travelling by air today proportionate to the population is significantly greater than it was before deregulation.

Something which may confuse hon. members and others is that for 10 years there was a duopoly with Canadian Airlines and Air Canada. Everybody talked about it being a competitive environment but it was not. The two carriers knocked themselves over the head each and every day putting on too much capacity, but the base fares were the same. If Air Canada had a seat sale, Canadian Airlines was ready to have one within a few days and vice versa. It was a duopoly. I would not say it was a cartel but it was a duopoly and it was unhealthy.

I travel to Toronto two or three times a week. Before the merger, if a person travelled on an economy or business class ticket, the ticket was interchangeable between Canadian Airlines or Air Canada. There was no price break. There was no real competition for the business traveller. We have to be serious about competition. Some of the measures in the bill, especially on predatory pricing and the powers given to the commissioner, will deal with competition in a very strict fashion.

I was surprised to hear the member say that the bill needed more teeth. This has to be the toothiest bill that has come forward in a long time with respect to regulation of a private sector company. In fact, it is even toothier as a result of what the hon. members and our colleagues did in committee, and I think with good reason.

• (1225)

There is no question that even though we wanted this bill through earlier, the delay in getting it to this stage in the House has

turned out to be a bit of a blessing in disguise. We have seen some of the effects of the consolidation of Air Canada and some of the things we do not like about it. There have been a lot of good things, but we have seen some of the negative things. That is what led hon. members to convince me and my colleagues in the government to come forward with another commissioner at the CTA. That alone gives much added protection for the consumers.

In terms of the powers dealing with the Competition Bureau, there was another amendment that came forward from the bureau which helped to toughen up the act. This regime is as tough as we want it to get without going back to the old days of reregulation.

With great respect for my hon. colleague, while the three motions obviously have merit, they should be defeated.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Madam Speaker, I will probably speak not only to Group No. 1 but also to Groups Nos. 2 and 3 so I do not take up the House's time later on.

I am not surprised that the New Democratic Party has come up with an attempt at report stage to reregulate the industry. Those attempts were made during the committee hearings. With all due respect, the committee did not support it on that.

I would like to congratulate the committee of which I was part. It did a super job of reviewing the legislation, at times under some stressful situations. It did a good job in looking at the legislation and bringing forth some amendments through the committee process which, as the minister said, have dealt with a number of issues that have identified themselves since the merger began in the spring.

I would like to address the amendments proposed by the New Democratic Party on the Air Canada public participation act.

I have great difficulty with government at any time interfering with the private entrepreneurial spirit of an individual. I do not think the government has the right to limit how many voting shares a Canadian can have in a Canadian company. Again I am not surprised the New Democratic Party has put forward an amendment to try to take that back a step rather than move forward in taking government out of the operations of and interference in a Canadian company. It will certainly not get support from us to do so.

I am a little disappointed the government also was not prepared to take the big step and remove itself from interfering in a Canadian company and the operations of such. I do not think it is the role of government to determine what kind of ownership a Canadian has in a Canadian company.

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I was not surprised that the New Democratic Party challenged the foreign ownership and wanted to get rid of any suggestion that Air Canada might at some time have the foreign ownership component raised. It wanted to limit it to the 25%. It is somewhat ironic and a little hypocritical that the New Democratic Party is totally supportive of the automobile industry which is 100% owned for foreigners. It does not seem to have the same problem with the automobile industry that it does with the airline industry. It is curious that what is good for the automobile industry, the NDP does not consider to be good enough for the airline industry.

I have problems with the proposed amendments in that they want to penalize people for withdrawing a service that has proved to be uneconomical. They are putting extra burden on a company that may decide to try a new route in a smaller community. Looking down the road, that company may have some serious financial penalties addressed to it if it chooses not to continue that service because it is uneconomical. We are not going to encourage competition by laying the heavy hand on business people who are willing to take a risk and try a new route. We certainly cannot support the intentions of those amendments which the member has brought forward.

• (1230)

The minister mentioned the amendments to the legislation which offer the teeth to control the monopoly of Air Canada. We would suggest that the teeth which the government has put in the legislation are enough. I do not think we want to interfere any more than we have. We have given cease and desist powers to the competition commissioner, powers which are quite extreme in the entrepreneurial world.

The competition commissioner has also been given a broader predatory behaviour designation, which gives him some flexibility. That is a good move because we are not always able to identify when we are dealing with legislation what might happen in the future which is predatory in nature. We support the government in that.

We believe that more controls to re-regulate the industry certainly will not move us forward into the 21st century, but will move us backward. Therefore, the Canadian Alliance will not be supporting the amendments put before the House by the New Democratic Party, which is no surprise to my colleague. We believe that the government has a role to play only in trying to get a monopoly to understand that it has a responsibility to the travelling public. We feel that the teeth in the legislation are enough to hold that company accountable.

We look forward to the legislation passing and to controls being put on Air Canada to help it through this transitional period. There are protections to the travelling public in this legislation. The ability of the new commissioner in his position in the Canadian Transportation Agency to act as ombudsman for complaints will be

an added factor. We are somewhat disappointed that there is no means for that individual to actually resolve the problems, but at least he can identify where the problems exist and through the other means that the government has can see that resolutions are fulfilled.

As I mentioned before, we will not be supporting the amendments to this legislation and we look forward to the report stage going quickly so we can get on to the third reading of the bill.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Madam Speaker, this weekend, when I was preparing my speech, I asked myself the following question: what is the significance of a bill such as the one before us this morning?

By definition, a bill is nothing more or less than an instrument of compromise. It is similar to a collective agreement, where the parties have opposing interests.

Before I became an MP, I worked in labour relations for 16 years and I often drew the following comparison. Putting the employer and the union together is like putting two scorpions in the same jar to propagate the race. Ultimately a compromise and an agreement have to be reached.

The bill before us today represents this sort of compromise between diverging interests. It is certainly true, for me as the Bloc Québécois representative on the Standing Committee on Transport as well as for all the members of my party, that it would have been or would be good to improve some parts later on, because, by definition, a bill is above all an instrument that is perfectible, or capable of improvement.

However, when it is a question of the sort of situation we have had for over a year, with a major carrier experiencing serious financial difficulties, we had to define a new legal framework for the advent of a so-called dominant carrier.

• (1235)

On the one hand, there was Air Canada, which has acquired Canadian International, and on the other a whole gang of others directly or indirectly involved in this restructuring.

There were the regional and local carriers, the employees' unions, the travel agents, and consumer groups. Each of these many groups was profoundly convinced that the situation needed organization and regularization. We ought therefore to have a game plan.

I do not want to just give the speech I intend to give on third reading. I will have an opportunity to come back to that. This morning, what I want to do is comment on the first group of

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amendments introduced by my NDP colleague for Churchill who is, I might point out in passing, a highly professional colleague who has followed the committee's deliberations most seriously and always comes up with reasonable opinions. Although sometimes the concerns she has expressed differ from ours, I wish to thank her for her contribution.

I do not wish to get off on a diatribe on this, but I do wish to say that my party engaged in a serious exercise around the proposed amendments to Bill C-26. I respectfully submit to my colleague from Churchill that they impose a framework which we consider far too rigid, paralyzing or constraining.

As I said earlier, it is true that we had to set new rules based on the fact that one company, Air Canada, was becoming a dominant carrier. However, we also had to ensure quality services, with the emphasis on frequency of flights, on time departures and arrivals and affordable airfares for people from all regions, particularly those of Quebec.

These people, who have to transit toward major centres, often use small local and regional carriers. One of the main concerns of the Bloc Québécois members who represent Quebec regions was to ensure that these regional and local carriers could discuss on an equal footing with the new giant created by Air Canada, which accounts for 80% to 85% of the Canadian market.

With all due respect, the amendments proposed by the member for Churchill are much too constraining, rigid and almost impossible to apply. For these reasons, the Bloc Québécois will oppose three out of the four motions:

Motion No. 3, with which we agree, would amend clause 4 of the bill, which reads as follows:

(6) The Agency may make a finding . . . on its own motion within two years after the date this subsection comes into force.

The motion proposed by the hon. member for Churchill seeks to remove the two year restriction, by stating that the agency can make a finding immediately. We agree with this motion, which also has the effect of removing the power of the governor in council to extend for two years the period within which the agency may make a finding.

Therefore, with respect to the amendments in Group No. 1, the Bloc Québécois will vote against Motions Nos. 1, 2 and 4 proposed by the New Democratic Party, but will vote for Motion No. 3.

• (1240)

[*English*]

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, it is a pleasure to rise on this subject as we near the end of the great

debate about the airline mergers and the changes to the Canada Transportation Act and the Air Canada Public Participation Act.

I want to compliment the member for Churchill for her amendments proposed in Group No. 1, which include Motions Nos. 1 through 4. Certainly she has been a very attentive and effective critic and member of our committee.

Having said that, we are going through a really interesting transition as these two airlines come together and we see other airlines either starting up or expanding. Obviously we have a work in progress. Everything we do as a government and all the legislation we pass must be flexible to allow these things to happen. Even we have been surprised, and certainly Air Canada has been surprised I believe, by some of the new proposals that are on the table for regional airlines, discount airlines and expansions. There is a lot of entrepreneurial interest in the aviation industry, which certainly surprised me.

Since the effective merger of Air Canada and Canadian Airlines we have seen a lot of inconvenience to consumers, confusion, over-booking, delays, scheduling problems and all those sorts of things, which I think were a surprise to Air Canada and certainly have been a surprise to consumers.

Although Air Canada is dealing with so many issues, such as scheduling aircraft, union negotiations and slots at airports, I believe that it underestimated the impact on consumers. I believe this is a transitional issue. I believe Air Canada will fix it. I believe the will is there and that Air Canada really understands how serious it is and how big the problem is. Again, I detect the will to fix it and I am confident it will be corrected.

In the future perhaps a dominant carrier would not recognize the effect on consumers, so we need Bill C-26 to protect those consumers from a dominant carrier or monopoly situation that would not address or care about consumers. That is what we are here to talk about today in the amendments put forth by the hon. member for Churchill.

I believe and our party believes that the government's position should be one that encourages competition in every way possible, one that encourages the entrepreneurial instincts which we see are alive and well in the industry. If there is one thing that impressed me throughout the debate and throughout the discussions and the presentations by so many organizations, it was the entrepreneurial instinct in the aviation industry.

There are airlines in Canada that I had never heard of, and I was really impressed with them. I think the government should encourage these new companies. It should encourage new routes and it should encourage new ventures. That should be part of everything it does, to create the infrastructure and the framework to

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encourage the entrepreneurial instinct to provide competition for the dominant carrier.

In the meantime, we have to provide protection for consumers in a monopoly situation because without competition they are without protection. There is no choice. If people are unhappy with the airline and they are travelling back and forth from Atlantic Canada, if they are unhappy with the flights, with the treatment, with overbookings or delays, there is no place to go. We cannot go to airline *B* any more. There is no competition. I believe that Air Canada is striving as quickly as it can. I think a big indication of its will to fix the problems is the recent announcement that it will appoint an ombudsman, a proposal which it flatly turned down about two weeks ago. It did not think it was necessary. It did not think there should be an ombudsman. However, it announced last week that it will appoint one.

The minister has put in place a complaints commissioner through the CTA, which was an excellent move. I had proposed an amendment to the bill to bring in an ombudsman. The minister's amendment, as much as I hate to say it, was better than my amendment. It had more teeth in it. I applaud him for it.

Today we are dealing with the amendments put forth by the member for Churchill, which I will summarize briefly.

• (1245)

Motion No. 1 establishes penalties in the event that an airline does an early pullout on a route. It sets the penalties between \$25,000 and \$50,000 maximum, depending on the circumstances. I see the point and the argument of that but my position and my approach would be to encourage entrepreneurs and competition. I believe this motion does a little more than is necessary. I do not believe the CTA needs these powers. It takes away some flexibility. It sounds like re-regulation. We in this party want to stay away from that as much as we can, while at the same time protect consumers.

Motion No. 2 seems to define the terms of monopoly. It appears to deny a dominant or monopoly carrier the right to defend itself in the designation of the Canada Transportation Agency of a monopoly. I do not think that is right. It should have the right to defend itself or at least express its opinions or concerns about any decision the CTA makes.

Motion No. 3 takes away the time limit provided in the bill to two years, plus an optional extension on that. Again, I do not think we need that. The bill provides enough time and flexibility by the CTA to deal with this issue. I would think that a four year period would give plenty of time to deal with that.

If I understand Motion No. 4 correctly, it defines the thresholds where CTA would act. It kind of ties down the CTA. This is a work in progress that is changing day by day. We see fundamental

changes on behalf of the dominant carrier. Air Canada is now changing the rules and adapting as fast as it can to many things.

There is a fundamental change of direction on the ombudsman point of view. Two weeks ago it said that it did not want an ombudsman, that it was unnecessary. Last week it announced that it would have its own ombudsman.

This is a work in progress. I think it is important to leave the flexibility in this for the airlines and for the Canada Transportation Agency and the Department of Transport.

Although there are some motions that we could support, and I can see the arguments back and forth, overall, because of the way they are grouped, we will be voting no on this group of amendments. I do respect the member for all the good work she has done on her amendments here today.

Ms. Louise Hardy (Yukon, NDP): Mr. Speaker, I am very pleased to speak to these amendments.

The NDP, as my colleague already stated, is not content to have a powerless complaints commissioner and a vague promise to look at pricing in the future. The time to protect what we have is right now.

I will give an example of pricing. The price of a regular ticket to fly down east from the Yukon is \$4,000. The minister mentioned that there are ticket sales. Everyone I know does book in advance, as do I over the summer, in order to get the cheapest flights available, but that was when we had some choices.

Canadian Airlines has always had a monopoly in the Yukon. From time to time, other carriers have come in during the summer months to address the tourist season. Right now everyone is facing less choices, less chance of a flight, less room on the flight and less flights.

Canadian Airlines will not be putting its third flight in over the summer. However, many people have accumulated points. A lot of people in the north do that because it is a way to get themselves and their families out of the north for a holiday. Since they are down at the very bottom of the pecking order, it gets more and more difficult to get a flight out of the Yukon on points.

A lot of people come to me when there is a death or an illness in the family and they have to get back east. They are looking at \$4,000 for a ticket and have to pay that up front.

The north also has to deal with the Medivacs that fly to treatment centres in Vancouver or Edmonton. There is generally an escort, depending upon the seriousness of the condition. If a nurse is required, then the nurse travels with the person who is ill and a family member cannot go. Sometimes there are allowances. If the illness is not serious, a family member can go with the person and stay with him or her at the hospital. This is really critical for elders

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and seniors who become very disoriented and cannot make their way around. If they have to go out for cancer treatment and stay for a long time, they have to make their way back and forth from the hotel and deal with all the consequences of the illness. Most family members cannot afford to fly to and be with that person. Even a bargain ticket costs anywhere between \$600 to \$1000. A regular ticket from Whitehorse to Vancouver is \$1600.

• (1250)

I know of a young woman who needs dialysis treatment every second or third day. She is living in Vancouver completely isolated from her community of Haines Junction. No one can afford to fly out to see her. There is no dialysis treatment in the Yukon. These stories go on and on. Since I have been MP in the Yukon, the prices of flights have gone up by at least \$800. People cannot count on the transportation system to get them out in an emergency or during a family crisis.

If one is fortunate enough to plan his or her travel months in advance sometimes it will work out. I was talking to an elderly woman who tried to arrange a flight three or four months in advance. Some flights no longer exist today which means a delay of three to four days for her to get back to the Yukon. Flights into remote communities are limited by time.

The Canadian Alliance has said that the government should not be involved at all in any business. We are talking about transportation over a huge country. It is absolutely critical for the government to be involved and for the Canadian people to have a say in the transportation policy through their government and through their elected members of parliament.

If we do not have the ability to travel from one end of this country to the other, there is no sense thinking we are a part of this country. It is a three day drive to get out of the Yukon. If we need to get out of the Yukon because of illness, an emergency or even to take a holiday to Vancouver or Edmonton, it is at least a three-day drive. It would take a week to 10 days to drive across the country to visit family on the east coast. Transportation is critical to all areas of our lives.

The minister said that a duopoly was unhealthy in this country. I happen to agree but at least we had some choice. Even as a member of parliament, I had some choice on which flights I could connect with to get back home or get down here. I have to travel a day in either direction to be at work. If a duopoly was unhealthy, how healthy can a monopoly be? I have no idea what we will be facing when it comes to price changes. It is nothing that I look forward to.

I think the Canada Transportation Agency should have the power to review fare increases on its own without waiting for action on some other front. It should have the permanent ability to act on pricing. The minister did hint that if he was still minister he would extend it. I do not think as a government or as a people we should

be depending on perhaps a promise to think about it. Before we go any further, we should have concrete guidelines and rules set out that people can actually count on and know what they are facing as much as we can know when heading into this next century.

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 1. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

An hon. member: On division.

(Motion No. 1 negatived)

The Deputy Speaker: The next question is on Motion No. 3. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

An hon. member: On division.

(Motion No. 3 negatived)

The Deputy Speaker: The next question is on Motion No. 4. Is it the pleasure of the House to adopt the motion?

• (1255)

Some hon. members: Agreed.

Some hon. members: No.

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The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

Some hon. members: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

An hon. member: On division.

(Motion No. 4 negated)

The Deputy Speaker: The House will now proceed with the motions in Group No. 2.

Ms. Bev Desjarlais (Churchill, NDP) moved:

Motion No. 5

That Bill C-26, in Clause 17, be amended by replacing line 29 on page 21 with the following:

“to which are attached more than 10% of the”

Motion No. 6

That Bill C-26, in Clause 17, be amended

(a) by replacing lines 1 to 3 on page 22 with the following:

“than 25% of the votes that may ordinarily be”

(b) by replacing lines 14 to 16 on page 22 with the following:

“votes to not more than 25% of the total number of votes”

(c) by deleting lines 18 to 22 on page 22.

She said: Mr. Speaker, Motions Nos. 5 and 6 in Group No. 2 have been up for much discussion during the whole airline merger debate. They specifically deal with the ownership of shares.

Motion No. 5 deals with the 10% ownership share in Air Canada. We all know why the 10% was initially put into the first Air Canada Public Participation Act legislation. It was to ensure the broad ownership of shares within Air Canada and to ensure that Canadians had an opportunity to be very involved and to give a chance to people throughout the nation to do that.

Motion No. 6 deals with the 25% ownership rule. I propose to keep the Air Canada share ownership limit at 10%. The new legislation changes it to 15%. I want to entrench the foreign ownership limit, currently at 25% in the legislation. As was indicated by the member from the Canadian Alliance, they do not care one way or another if foreign companies literally own everything in Canada. They make no bones about it.

Quite frankly, I do care. I care that Canadians have control over crucial elements in society; over transportation that needs to be provided to all of Canada, not just Vancouver, Toronto, Calgary,

Edmonton and Halifax. We are talking about the whole country. We want to make sure that we have control over companies that benefit from the opportunity of providing a service in Canada. As a result, we believe that in a crucial industry such as our air industry there should be limits.

Right now the Minister of Transport and cabinet have the power to increase the foreign ownership cap up to 49%. The New Democratic Party is not opposed to increasing foreign investment in Canada but we think the decision should be made in consultation with parliament.

It is interesting to note that members of the Canadian Alliance are always saying that everything should come to parliament and that the government should not be doing this or that. In this particular case, because it is allowing foreign ownership to take over everything, they do not care if it comes to parliament. Let the governor in council order it up to 49%.

Entrenching the 25% limit in the legislation would require another act of parliament in the future to change it, guaranteeing that it would be voted on and that all Canadians would have a say as to whether or not they wanted to see ownership of their airline either increased to 49% or increased to 100%. At least Canadians would have a say through their members of parliament.

Bill C-26 will increase Air Canada share ownership from 10% to 15%. We propose leaving it at the 10% which was formerly in the legislation. Raising this to 15% opens the door for a non-hostile takeover attempt. Many industry stakeholders have expressed concerns about allowing Air Canada to fall under the sway of a dominant shareholder. We agree with stakeholders that the public interest is best served if Air Canada remains under the control of a broad cross-section of Canadian shareholders not a single dominant shareholder. This motion would close the door to that dominant shareholder scenario.

Further, it is of real importance to recognize that Canadian taxpayers over the years have been very supportive of Canadian Airlines and Air Canada. As a result, I do not think we should ever look at Air Canada or Canadian Airlines, or any company that has had much support from Canadian taxpayers, the same as any other, just up for sale, willy-nilly to whomever. Canadians do have a real interest in the corporation and should have a say over what happens.

• (1300)

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I would like to speak to the second group of motions.

Motion No. 5, in effect, would negate the point in the bill to increase the shareholder limit from 10% to 15% in the Air Canada

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Public Participation Act. Without doubt this was certainly one of the two pivotal issues that came to the fore during this entire restructuring, the other being the use by the government of section 47 of the Canada Transportation Act.

As members know, the superior court in Quebec made a ruling about one of the private sector proposals put forward by Onex Corp. The court said that technically it was against the law, and the inference was that it should not proceed. Onex decided not to appeal the decision and, as a result, the remaining private sector option, the Air Canada offer, which has been implemented in the last few months, was the one that came forward.

There are some issues as to whether it is a good idea to have limits on individual shareholder participation in these companies. When Canadian National and Air Canada were privatized, as well as some other crown corporations, it was felt that by having a shareholder limit of 10% or 15%, as in the case of Canadian National, this would somehow dissuade a foreign takeover. We could understand this in the case of Canadian National because 65% of the shares of Canadian National are owned by people outside Canada. Obviously there is a 25% foreign ownership limit on Air Canada, and on Canadian airlines in general. Therefore, the argument that there could, in effect, be a de facto foreign takeover is really not valid.

The limit could increase to 20% or 25% and have foreign equity and voting control, but still remain Canadian controlled. This happened with American Airlines when it injected money into Canadian Airlines some years ago. It had 33% of the equity and 25% of the voting shares. That it had to be kept at 10% to prevent a foreign takeover became a very emotional issue during the debate.

Let us not kid ourselves. This kind of rule makes it very difficult for outside groups to exercise normal business behaviour and vie for control of companies. This protects existing management. It entrenches existing management and existing directors.

Air Canada argued very strenuously that it would not want it to go above 15%, and the government reflected upon that. Both committees of the Senate and the House wanted the limit to go up to 20%, but the government took the view, given all of the turmoil created with the section 47 process, which I think was very valid because it did find private sector solutions, that Air Canada should be allowed to digest this acquisition without the fear of a third party coming along and staging a raid on the company.

Therefore, the government agreed to increase it to 15%. Air Canada is in agreement with that. I do not think it should be debated at this point in time. It will be for politicians in the future to decide whether the arguments remain valid. Certainly, for the next 18 months to two years during this restructuring process, this is something we should put aside. It was a very difficult issue to deal with, a very emotional issue to deal with and as a result I think we should vote this down.

• (1305)

Similarly, Motion No. 6 should be defeated because its purpose is to negate the government decision to bring the provisions of the Air Canada Public Participation Act in line with the Canada Transportation Act.

Failure to implement the proposal in Bill C-26 is to make it possible to increase the limit on foreign ownership by regulation for all of the industry except Air Canada. The motion means that it would continue to take an amendment of the act to increase Air Canada's limit on foreign ownership, an unfair burden on a national carrier.

I think this should be rejected. I would hope my friends in the New Democratic Party would understand that this is something that was agreed to with Air Canada as part of the deal. I know they have strong feelings for 10%, but I would ask them before they force a recorded division to reflect upon this because the 10% clause has been raised to 15% with the agreement of Air Canada.

I do not think it is for us as parliamentarians to disagree with a deal that has been negotiated between the Competition Bureau and Air Canada to put this matter to rest. It is not as if Air Canada is asking any one party in the House to carry its cause. In fact, I think that when the president of Air Canada came to the committee he made it quite clear that he accepted 15% and would live with it.

I believe that these two motions should be rejected. With respect to Motion No. 6, if my friends in the New Democratic Party are concerned that somehow there is a Trojan horse, I have said consistently that it is not our intention to increase the foreign ownership of the airlines beyond 25%. We already have the statutory authority to go to 49%. We do not intend to do that because we believe, Canadians believe and I know that the New Democratic Party believes that one of the cardinal issues we have to face is the growing foreign domination of our economy, and we do not want that to happen with the airlines. We are in agreement with the NDP on that point. However, as I have mentioned, if we fail to make the change in clause 17 we would not even be allowing Air Canada the benefit of having the 25% foreign ownership that others are entitled to. I think we have to treat Air Canada with some degree of fairness.

This is not a question about losing control. Neither of these amendments would do anything. They would not change the fact that the Air Canada regime will have some stability throughout this re-organization process. Certainly, with respect to the 25% issue, members of the committee, in fact members on my own side have said that it should be raised to more than 25%. I have discussed it with cabinet and we believe it should remain at 25%. We are not playing games. We will not raise it to 49% next week. I would ask my friends in the New Democratic Party, once again, to continue their great co-operation on this matter and agree to allow this

particular vote to pass on division so that we do not unduly delay the bill any further.

Every day that the bill does not get dealt with gives licence to the monopoly tendencies of Air Canada to push the envelope. Notwithstanding what it may say, it is natural that when a corporation has that much authority it likes to test it in the marketplace.

We have to get this bill to the other place so that it can deal with it. Right after the break it should be in place. Then the competition commissioner can start to use the cease and desist powers, which will give absolute comfort to all those new entrants who come into the market. I want to talk about that at third reading.

• (1310)

I would ask my friends in the New Democratic Party to show some good sense and allow this to pass on division.

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, I am pleased to speak to the second group of motions presented by my colleague from the New Democratic Party, the hon. member for Churchill, to the Standing Committee on Transport.

What I want to do is to quickly remind the minister, and everyone else—I hope no one will think we are suffering from collective amnesia—that the Bloc Québécois position on this 10% rule on individual share ownership was that it was a major point, in order to avoid having an individual or a group of individuals take over control of Air Canada.

If this 10% rule had been introduced when Air Canada was privatized in 1988, we were convinced, and we still are, that this rule would still be meaningful.

For the benefit of our audience, I would like to dispel any ambiguity. The Bloc Québécois would be in favour of Air Canada taking over control of Canadian International, rather than the bid from Mr. Schwartz, representing Onex, that friend of the Liberals and Liberal bagman. It has been discovered that Mr. Schwartz had made a considerable contribution to the Liberal election fund in 1997.

I will remind all hon. members that the Bloc Québécois was not at war with either Mr. Schwartz or Onex. The Bloc Québécois position was clear at that time. We felt, and still do, that the Onex bid to acquire Air Canada was illegal, and this has been confirmed by a Quebec superior court decision. Although the package was wrapped up earlier at a meeting with the Minister of Transport, we believed that the Onex offer was illegal. We had nothing against Mr. Schwartz or Onex.

The Bloc Québécois even introduced a motion on an opposition day asking the government to not increase the rule of 10%.

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As I mentioned earlier in my remarks on the first group, a bill is a set of compromises. We think that the amendment proposed by my colleague in the New Democratic Party to maintain the 10% rule is reasonable. We support her proposal.

I also want to say to the government that the compromise in Bill C-26 of having 15% individual ownership is also satisfactory. If the government had followed the lead of the Liberal majority on the Standing Committee on Transport, which wanted to increase the figure to 20%, the question would be different. Twenty per cent of the individual shares of Air Canada gave effective control, whereas 15% does not and ensure sufficient protection.

As to the second motion in this second group, I inform my NDP colleague that we will be favourable. Unlike our Canadian Alliance colleagues, we opposed the fact of raising the figure for foreign participation in controlling Air Canada shares beyond 25%.

It is odd to see Quebec sovereignists like us defending Canadian sovereignty against the Americans. This is why, although the Liberal majority on the committee encouraged it to go as high as 49%, we are happy to see that the bill limited everything to 25%.

• (1315)

However, the minister is keeping for himself in the residual powers, the option of increasing it by order in council with the support of three ministers of the crown. We feel that 25% foreign control is enough to maintain Canadian and Quebec funds in the new Air Canada. For all these reasons, we support the two amendments moved by our NDP colleague.

[English]

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, with all due respect to the hon. member from the Bloc, I think that his amendment is totally unnecessary. The bill already states that the Official Languages Act would be respected. Personally, I think that is all that is required. The motion is redundant.

Mr. Stan Keyes (Hamilton West, Lib.): Mr. Speaker, I did not want to get up and unduly delay any activity in the House, but I have had the privilege and the honour of being the chair of the Standing Committee on Transport. I also have had the privilege of being a member of the Standing Committee on Transport since 1988 when I was first elected. I spent five years in opposition and when we became the government in 1993 I was chairman and had the privilege of being the Parliamentary Secretary to the Minister of Transport, three of them, and then chairman of the transport committee.

I have an understanding of where the opposition is coming from in the hope that its motion at report stage of the bill would be successful. However I must appeal to the members of the New

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Democratic Party. If they had talked to the employees of the airlines, both Air Canada and Canadian Airlines, then certainly they would understand that they are making it increasingly difficult for Air Canada to meet its commitments to all the employees not just of Air Canada but also of Canadian Airlines where there are 16,000 people working. By rolling back from 15% in the agreement of December 21 to 10% will limit the airline's ability to generate the revenue it must in order to support its employees and to meet its commitment to keep those employees employed. This is about saving 16,000 jobs.

Any delay will also trigger a chain of events. By asking the House to delay the vote until tomorrow means we must return tomorrow night to vote on this amendment and then our House leaders will have to find another day for third reading debate. Then we will have lost a week. I am sure it is not the intention of the New Democratic Party to lose a week.

I am concerned that any amount of delay will delay the oversight ability that is built into the bill. That is what is important. It is important for the travelling public. It is important for the employees of the airlines. It is important for the regions of the country to be served. Therefore we do not want to do that. I would hope that the NDP would see the advantage of moving on, and thereby would not call a vote that we would have to carry to tomorrow night, but to move along to the next motion and if need be, pass that motion on division.

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I am pleased to speak to these amendments. As I said earlier, this has been a very interesting debate all the way through the several months we have been involved with it. We have seen many changes and a lot of transition. We are seeing transition every day. This is a work in progress.

• (1320)

Our party believes that the flexibility must be left in the system to change direction as things change. We have seen dramatic changes and surprises all the way through the debate, especially since the airline merger itself. Some of us thought that this would put a lot of the problems to bed. Instead it has initiated all kinds of new changes, new challenges, new airlines, new proposals, new entrepreneurs, new routes.

Again, flexibility is very much a part of our position on the bill. It has to be in there for the Department of Transport to make changes as things unfold and as situations change.

On Motion No. 5 to change the Air Canada public participation act, if I remember correctly the committee passed a motion to increase the ownership limit to 20%. Then the government rolled it back to 15%. The NDP motion now is to roll it back even further to 10%. As luck would have it during the debate in committee on the most practical and appropriate percentage, I proposed 15% and the Minister of Transport took my advice and put in 15% exactly what

I recommended. He is to be credited with his good judgment and his good consultation powers in consideration of others.

I would be hard-pressed to support the amendment if I had proposed it in the first place. Even though it was defeated at committee, the minister in his wisdom saw fit to bring it back, so I am afraid I have to stick with the 15%.

On the foreign ownership limit of 25% in Motion No. 6, I also agree that the power should be left to the governor in council. Again it is flexibility in the system. The government has the power to change that if at some time in the future it feels it is necessary. It does not have to come back to the legislature. It can be changed after consultation with the industry and as things unfold. This is a work in progress. The government has to have the flexibility to change because we are all getting surprises as this merger takes hold and things evolve.

We are going to support the bill as it was originally put forward. We will not be voting in favour of the amendment.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, it is certainly not the intention of the NDP to hold up this legislation, although one has to show some amusement at the crocodile tears the member from Hamilton was about to shed in great quantities. Imagine after all this and the NDP members want to hold up things for a day so they can vote on their amendments. This will put a chain of events in motion. Heaven forbid, we would not want to be responsible for the catastrophe the member from Hamilton was about to predict should we not be co-operative.

However we have made our point both in terms of the moving of the amendments and the arguments that were put forward on behalf of those amendments by the hon. member for Churchill.

I listened to the minister. It was a plea for flexibility. However I have to preface my remarks by saying that in the interest of getting this regime into practice, into law so that we can see if it works, to see if some of the things that we are worried about actually need the kind of fixing that we say it will, why should we trust the Liberal government? Maybe we should trust the Minister of Transport, but why should we trust the Liberal government when it comes to questions of foreign ownership?

The Liberals are the people who as far as I am concerned perpetrated one of the greatest acts of economic sabotage, treason, that I have ever seen in Canadian history with the sale of the Canadian National Railway. They are the people who want us to trust them when it comes to questions of foreign ownership, the people who did something which has now resulted in a national railway that was once owned by the Canadian people is now owned 60% by American shareholders. And the Liberal government has the nerve to stand and say "Trust us when it comes to foreign ownership".

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• (1325)

An hon. member: Are you talking about Doug Young?

Mr. Bill Blaikie: I do not even want to talk about Doug Young because I do not want to spoil my day, nor that of others.

The minister said that they have seen the light. I hope they have because if they had not seen the light soon, there would be nothing left to sell off to the Americans. In fact, many people in this country not just on the left but even within the corporate community are saying that this has not turned out the way they thought it would. Head offices are moving. We do not have the same kind of economic infrastructure that we used to have. Maybe all this free trade and lack of protection from foreign investment is not working out the way we thought it would.

We see the ghost of Walter Gordon, not the ghost of Tom Kent because he is still around, but the ghosts of others asking what has happened to the Liberal Party. If the kinds of things the minister said in the House today are to be taken seriously, we hope that perhaps there is a bit of a turnaround over there, but we do say that it comes late.

What did the Prime Minister say the other day? It was not the Minister of Transport; perhaps he has said these kind of things, but I hope not. The Prime Minister says the kinds of things that give us the anxiety that all this will be done, this monopoly situation, in the name of creating a context in which in two, three or four years from now the government, whether it is a Liberal government or whatever kind of government—but of course an NDP government would not be saying it—will be saying that now we have to allow American airlines to operate more fully in Canada in order to compete with this monopoly that people are complaining about. In fact people are already complaining about it in many respects in terms of regional service, et cetera.

I just could not let it pass, the irony of having the Minister of Transport and others on the government side saying “Trust us when it comes to questions of foreign ownership” because they are the ones who did the dirty deeds that not even the Tories did in nine years of government.

I remember Harvie Andre saying that he wanted to privatize the CNR in 1979 and all through those years the Tories never did it. Who criticized them for nine years in the House? I listened to all of it. The Liberals. And then what did they do? They out-Toried the Tories, not just in terms of privatizing the CNR, but they became an uncritical cheerleader for every free trade agreement that came along. We had to watch that we did not talk to the Liberals for too long or they would want to sign a free trade agreement with us even if we had nothing to trade.

If this is the beginning of something new, that would be nice, but I am not going to put any money on it. I rest with those words in the interests of seeing this bill get to the other place and into force so we can see what needs to be done and we can begin this new era in Canadian air transportation and see what else needs to be done. I am sure this bill will not be the final word having been drafted by Liberals as it was.

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 5. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

Some hon. members: On division.

The Deputy Speaker: I declare Motion No. 5 lost on division.

(Motion No. 5 negatived)

The Deputy Speaker: The next question is on Motion No. 6. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Deputy Speaker: In my opinion the nays have it.

Some hon. members: On division.

The Deputy Speaker: I declare Motion No. 6 lost on division.

(Motion No. 6 negatived)

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• (1330)

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ) moved:

Motion No. 7

That Bill C-26, in Clause 18, be amended by adding after line 37 on page 22 the following:

“(2.1)(a) A body corporate referred to in subsection (3) shall comply within four years with Part V of the Official Languages Act and within seven years with Part VI of that Act.

(b) Air Canada and any other body corporate referred to in subsection (3) shall submit to the Treasury Board Secretariat an annual report containing the following data available to any Canadian citizen:

(i) the total number of English-speaking and French-speaking employees of the body corporate;

(ii) the number of English-speaking and French-speaking employees among management, pilots, flight attendants, mechanics and other employees of the body corporate;

(iii) the number, which cannot exceed 5% of the total number of employees of the body corporate, of employees who belong to the category “language unknown”.

(c) The Commissioner of Official Languages may investigate any complaint relating to the delay to comply with Part VI of the Official Languages Act referred to in paragraph (a) and the result of the investigation, if it relates to the information referred to in paragraph (b), shall take precedence over the provisions of paragraph (b).

(d) In case of failure to comply with the provisions of paragraph (a) dealing with the delay to comply with Part VI of the Official Languages Act, the Governor in Council shall, before making a decision regarding measures to be taken to remedy the situation, consult with persons in the official language group adversely affected by that failure to comply.

(e) Within one year following the coming into force of this Act, the following documents shall be made available by Air Canada in the English and French languages and have equal force of law:

(i) the Flight Operations Manual;

(ii) the standard operating procedures;

(iii) Flight Attendant Manual;

(iv) memoranda;

(v) administrative policies;

(vi) contracts of employees.”

He said: Mr. Speaker, first I would like to offer my sincere congratulations to a group of workers from the airline industry who have been fighting since 1976 to make sure francophones in Canada have equal opportunities in this area.

I am referring of course to a group called the Association des gens de l'air du Québec, which was created in 1976, following a battle that begun in 1975, to allow a francophone pilot, in his

cockpit, to speak French with an air traffic controller in an airport control tower or in an air traffic control centre.

Members will recall that the association won its fight, because it was proven that having two francophones speaking French to each other does not jeopardize air safety.

Members will also recall that two anglophone unions, CALPA and CATCA, fought tooth and nail against that measure. I remember they both fought hard. But the government of the day agreed to amend the act to allow two francophones to have the right to speak to each other in their language.

• (1335)

We Bloc Québécois members often hear it said in the House that this country, Canada, is ours, that as francophones, we can express our views, that we have the same rights as anglophones. This is constantly being pounded into us.

I remember how, three days before the last referendum, in 1995, many western Canadians made the trip to Montreal's Place du Canada, having paid \$99 return for a Canadian Airlines charter from Vancouver, to tell Quebecers that they loved them and urge them not to leave.

Hon. David M. Collenette: I love you.

Mr. Michel Guimond: The Minister of Transport is professing his love for me. How perfect; he is shouting to me from across the floor that he loves me. If he wants to prove that he loves me or that he loves francophones, he should vote in favour of my amendment. I extend my hand to him—and I know that he is a reasonable man. He has a French-sounding name. We know that the name of the Minister of Transport, which I cannot say in the House, is Huguenot in origin, and that some of his ancestors are French.

In short, I think that the battle fought by Les Gens de l'air in 1976 is again deserving of support. I know that when the minister and the Canadian Alliance member address the House later on, they are going to make a short statement saying that they do not agree with the amendments. In any case, I heard my Alliance colleague's comments in the second group of amendments by the NDP. I am familiar with these amendments and I know that the Minister of Transport will be open and sensitive to these amendments and accordingly perhaps agree to our amendments.

I would ask the House to go a bit further. I recognize that the government has made an effort in Bill C-26. But I think that francophones should be given an equal chance, as the figures are not very eloquent. I do not know if the House is aware, but I inform it that today and at the end of 1999 and in early 2000, Canadian International had 1,258 pilots. Of this number, there were only 71 francophones, representing 5.8% of the pilot population. If it is acknowledged that francophones represent 24.8% of the Canadian

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population there should be something like 24.8% francophone pilots with our airlines.

I will quote from an editorial in *Le Soleil* of January 31, 1985. Although it was in 1985, it still is relevant. It was written by Roger Bellefeuille, and reads:

Francophones are entitled to their fair and reasonable share in what used to be known as Trans-Canada Airlines. Quebecers want to go off with the others, but not in second class seats.

In these remarks on an amendment that I am putting forward on official languages, I call on the common sense of the president of Air Canada, Robert Milton. He is an American working in Montreal who respects Canada's linguistic duality. I know that he is working to learn French and that he is very sensitive to the place francophones occupy in Canada and in his airlines.

I call on Mr. Milton, and say to him "When you, Mr. Milton, the president of the major airline that Air Canada has become, put your fist on the table and make a commitment to promote the employment of francophones, I want you to know that doing so carries a certain weight. To remind you of this, I am going to quote two of your predecessors".

● (1340)

I will quote Claude Taylor, and then Pierre Jeannot. Let us look at what Mr. Jeannot had to say at the fifth convention of the Association des Gens de l'Air, in April 1980:

In order for Air Canada to be a truly Canadian company, we believe that Air Canada employees of both official language groups should reflect the community, the province and the country, both in their numbers and in their representativity within Air Canada.

These were the words of former Air Canada President Jeannot.

Now let us look at what Claude Taylor, Air Canada President in 1981, had to say:

Air Canada acknowledges its vital role in maintaining national unity. This means, essentially, that its role is to bring Canadians closer to one another, to make it possible for them to meet each other, to communicate, to come to know each other, to understand what it is to be a Canadian. This is the area in which, in my opinion, we have had our greatest successes, the ones of which we are the most proud.

These two, both of whom have headed a major airline, Air Canada, acknowledge linguistic duality. This bill, in my opinion, offers us the opportunity to confirm it.

The situation is not all that rosy at the present time. I have already painted a picture of the situation with Canadian International. Let us now look at the francophone representation at Air Canada overall. In 1998, the percentage of francophones was at the same level as in 1978, with only 17% of all Air Canada employees speaking French. In 1998, the percentage for pilots was 15.8%.

The number of French-speaking pilots required at Air Canada has not therefore been reached.

This is why I am calling upon the government to think seriously about the legislative amendments we are proposing in order to give our bill a little more teeth, so as to lend more weight to French in hiring, in maintenance manuals, to make more room for living and working in French within Air Canada.

I do not mean to say that there is any ill will. What I do mean is that it would be a good idea for a president, in this case Mr. Milton, to put his foot down and say "Now listen, there are 24.8% francophones in Canada; our francophone new graduates deserve to be given a chance". The Cegep in Chicoutimi trains excellent pilots. I would point out in passing, that it costs \$100,000 a year to train a young francophone man or woman. I think they are entitled to the hope of one day joining the ranks of Air Canada personnel. I trust that the government is going to think about this and pass our amendment with respect to the Official Languages Act.

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I am very pleased to take part in this debate on the amendment proposed by the member for Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans to Bill C-26. I appreciate the arguments raised by the hon. member and I want to alleviate his fears by saying that I like him.

From the outset, this government has clearly established that Canadians must be able to count on their national carrier to serve them in the official language of their choice.

Along with safety, that is one of the two fundamental concerns that must be met, as we prepare to restructure our airline industry. Considering that our linguistic duality is an integral part of Canada's identity, that position should come as no surprise to anyone.

● (1345)

The government met the concerns expressed by the Commissioner of Official Languages by defining Air Canada's obligations to its subsidiaries.

In fact, this proposal meets every fundamental concern raised by the official language commissioner when she addressed the two standing committees on transport. The commissioner publicly expressed her support for the federal government's measures in that regard when she said:

The Commissioner of Official Languages, Dr. Dyane Adam, welcomes the federal government's decision to clarify the linguistic obligations of air carriers affiliated to Air Canada.

The amendments proposed by the hon. member opposite can be summarized as follows: to directly impose on Air Canada's

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subsidiaries the provisions of the Official Languages Act on the language of work, part V, and the representation of linguistic minorities, part VI; to create for Air Canada and the subsidiaries that it controls a requirement to submit reports to the Treasury Board regarding their employee population; to allow the Commissioner of Official Languages to investigate complaints relating to delays in complying with part VI in the case of subsidiaries controlled by Air Canada; to impose on the governor in council an obligation to consult the linguistic group adversely affected before making a decision regarding the measures to be taken if a subsidiary controlled by Air Canada fails to comply with part VI; to require Air Canada to make available certain documents in both official languages, one year after the coming into force of the act.

Briefly stated, the government's position on these amendments is that they are not necessary, that they represent an unreasonable extension of the guidelines in the Official Languages Act.

I would now like to explain our reasoning. One of the main purposes of the Official Languages Act is to ensure that Canadians can receive services in the official language of their choice from federal institutions and be represented within those institutions.

Air Canada is no longer a federal institution per se but, in order to maintain existing linguistic rights, the Act to incorporate Air Canada stipulated that Air Canada would continue to be fully subject to the Official Languages Act.

Bill C-26 creates a precedent by extending the obligations of an entity subject to the Official Languages Act to its subsidiaries. But this precedent was created within the framework of an entity that is no longer a federal institution per se. It is only through legal assimilation that Air Canada remains subject to the Official Languages Act. Other private air carriers are not subject to the Official Languages Act and therefore do not have the same legal obligations as Air Canada.

Enforcing parts V and VI could impose considerable obligations on private sector entities, which are not now and never were subject to the Official Languages Act.

As I said earlier, Bill C-26 already creates an important precedent by extending Air Canada's linguistic obligations with respect to its subsidiaries, in particular by ensuring that they comply with part IV, a key component of the Official Languages Act.

• (1350)

Air Canada is fully subject to the Official Language Act and there is therefore no need to include in Bill C-26 any provisions requiring Air Canada to translate its working tools or to report on the composition of its personnel. If there are any problems relating to the application of Air Canada's obligations, they should be solved by other means.

Contrary to Bill C-26, which sets out and extends the obligations of Air Canada—an entity which is already subject to the Official Languages Act—the proposed amendments would have the effect of creating linguistic obligations for entities which have never been explicitly subject to that legislation. This would establish a major precedent.

In conclusion, if we concentrate on the essential question of services to the public and require Air Canada to ensure that its affiliates provide the services Canadians expect to receive, we feel that this is a responsible way for government to act.

The motion by my colleague across the way must be rejected and I trust I have given the underlying reasons for so doing. Since we still have a few minutes until the end of the debate, I must point out on behalf of the members on this side of the House that we sincerely and strongly support all the provisions of the Official Languages Act.

I have been a member of parliament for 17 years, and I had the honour of being here at the same time as the great parliamentarians of that period, not only the current Prime Minister, the hon. member for Saint-Maurice, but also Mr. Trudeau, Mr. Marchand, Mr. Pelletier, Mr. Lalonde and all the others, including members from the other side of the House.

When I first came here, in 1974, the leader of the Cr ditistes was R al Caouette, a great Canadian political figure, and the former leader of the Progressive Conservative Party, John Diefenbaker, was still here. So were Mr. Stanfield, Tommy Douglas, Ed Broadbent and many others.

Even though some members of parliament do not accept the reality of two official languages in Canada, all the parties strongly support the spirit of the Official Languages Act.

During the eighties, I was Parliamentary Secretary to the Leader of the Government in the House and I had the opportunity to take part in the constitutional debate. What was remarkable was the fact that all the members and all the parties in the House supported not only the enshrinement of fundamental rights in the Canadian Constitution, but also the enshrinement of the Official Languages Act itself. That act is truly part our Constitution.

I want to assure the member opposite and all the other members of this House that rejecting the motion proposed by the hon. member must not be perceived as rejecting the spirit of the Official Languages Act, because we in fact strongly support it.

[English]

The Deputy Speaker: Is the House ready for the question.

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 7. Is it the pleasure of the House to adopt the motion?

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Some hon. members: Agreed.

Some hon. members: No.

The Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Deputy Speaker: All those opposed will please say nay.

Some hon. members: Nay.

• (1355)

The Deputy Speaker: In my opinion the nays have it.

Some hon. members: On division.

(Motion No. 7 negated)

Hon. David M. Collette moved that the bill, as amended, be concurred in.

(Motion agreed to)

The Deputy Speaker: When shall the bill be read the third time? By leave, now?

Some hon. members: Agreed.

Hon. David M. Collette moved that the bill be read the third time and passed.

The Deputy Speaker: Shall we agree to call it 2 p.m. and begin the debate when Government Orders are resumed after question period?

Some hon. members: Agreed.

STATEMENTS BY MEMBERS

[English]

NATIONAL POLICE WEEK

Mr. Janko Perić (Cambridge, Lib.): Mr. Speaker, as we celebrate National Police Week we also celebrate the memory of police officers who have given their lives for us.

In my riding of Cambridge an inquest into the death of Constable Dave Nicholson who lost his life on August 12, 1998, while trying to save young Mark Gage from the speeding waters of the Grand River is a solemn reminder to all of us of the sacrifices police officers make.

Constable Nicholson's widow, Wendy, described her late husband as her hero in life, not death. These touching words are a

fitting tribute to all fallen police officers and have been inscribed on the new Ontario Police Memorial in Toronto.

I encourage all Canadians to remember these heroes in life, not death, not only this week but every day of the year.

* * *

GOVERNMENT OF CANADA

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, I live on beautiful Vancouver Island and I am proud to be part of a wonderful country that stretches from sea to sea. I am Canadian but I also live in the highest taxed nation in the world. Like many fellow citizens I shake my head in disgust at how the government many times spends my money.

I believe deeply in the family as the cornerstone of a strong nation but watch in dismay as the Liberal government seems to try to destroy it.

I appreciate the freedom to worship in my church each Sunday but have grave concerns about a growing intolerance on the part of government and its bureaucracy for Judeo-Christian beliefs.

I have eight children but wonder about their future in a country where the Prime Minister does not even recognize the brain drain and does little to foster a business friendly environment, the ultimate creator of jobs.

After this past weekend I am increasingly thankful that I am a proud member of the Canadian Alliance which offers the only hope for the country in the 21st century. I am Canadian.

* * *

CRTC

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance): Mr. Speaker, today we learn of an application before the CRTC for permission to operate three hard core adult entertainment channels on Canadian cable. If this application goes through, it will offer around the clock porn to Canadian cable and satellite subscribers.

One hopes the CRTC will fulfil its current mandate in this matter. The CRTC has the power to regulate and monitor all aspects of the Canadian broadcast system under the Broadcasting Act.

The Liberal government is responsible for that act and must be held accountable. In situations like this one common sense must prevail. Why is it in times past that the CRTC could approve playboy channels but turn down a Catholic education channel?

• (1400)

The government has allowed the regulatory agency to get involved in some cases, but look the other way in others. It is time to review the entire mandate of the CRTC. It is time to ask the government to rewrite the Broadcasting Act.

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CBC

Mr. Wayne Easter (Malpeque, Lib.): Mr. Speaker, I am strongly opposed to any efforts by CBC's head office to reduce CBC television presence on Prince Edward Island.

People throughout Prince Edward Island are speaking with one voice: "Keep *Compass*, the only locally produced television news on Prince Edward Island".

Canada's Broadcasting Act requires the CBC to reflect Canada and its regions to national and regional audiences while serving the special needs of those regions.

It is time for the board of directors of the CBC to understand that the government absolutely cannot stand by and watch this national institution undermine its very existence in the regions of Canada. We must maintain CBC's local staff in the regions so that they can continue to do the excellent job of reporting what is happening in those regions locally and nationally. It is an important institution in Canada.

* * *

INTERNATIONAL DAY OF FAMILIES

Ms. Judy Sgro (York West, Lib.): Mr. Speaker, I rise in the House today on this International Day of Families.

As most of us know, countless Canadian parents face the daily struggle of balancing work and family life. Today approximately 70% of married Canadian mothers work outside their homes. Up to 60% of them return to work six months after the birth of their children.

Studies, as well as leading academics, have found that in the first year of their lives children benefit greatly from increased contact and stimulation by their parents. A strong relationship makes the children more creative, secure, sociable and curious individuals.

The government recognizes the critical responsibilities parents have in raising their children and understands the need to balance work and family life in the year 2000.

For these reasons the government has proposed to extend parental benefits to give parents the choice of staying at home for up to one full year. This will provide flexibility for mothers and fathers in the labour force.

Helping families to provide a supportive environment for their children is not only a worthy social goal, but increasingly a national economic imperative.

* * *

MILLENNIUM PARTNERSHIPS

Mrs. Karen Redman (Kitchener Centre, Lib.): Mr. Speaker, I am pleased to congratulate two organizations in my riding of

Kitchener Centre which have received funding through the Canada Millennium Partnership Program.

J. M. Drama has been awarded \$93,812 for the development of a community arts centre. The Registry Theatre will be housed in the historical Waterloo Registry Office. This facility will be a focal point for special events and festivals in Kitchener. It will undoubtedly encourage the development of arts well into the 21st century.

The Canadian Women's Army Corp has received \$9,922 to erect a life-size memorial statue in front of Kitchener's new armoury. The bronze monument will commemorate the thousands of women who trained in Kitchener in the 1940s for the CWAC.

The residents of Kitchener have seized the opportunity to create long lasting millennial legacies. Under phase four the millennial bureau received 16 proposals from Kitchener organizations. Each project was unique and would add to our community in a different and special way.

* * *

[Translation]

RIMOUSKI OCEANIC

Mrs. Suzanne Tremblay (Rimouski—Mitis, BQ): Mr. Speaker, I want to extend hearty congratulations to members of the Rimouski Oceanic on their stunning win at the Quebec Major Junior Hockey League final.

The team owes its berth in the Memorial Cup tournament to the discipline of its players and the skill of its trainer, Doris Labonté. Mention should also be made of the public's unwavering support of the team over the past five years. In return, the players have delivered some exciting hockey and progressive wins as they improved their skills.

I also wish to congratulate general manager Éric Forest and co-owner Maurice Tanguay on their talent as organizers and their belief that the Oceanic can be built into a solid team of which the entire Lower St. Lawrence can be proud.

Bravo to the Rimouski Oceanic, and good luck on your next step, the Memorial Cup.

* * *

[English]

NORTHERN STUDIES

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, the Association of Canadian Universities for Northern Studies, ACUNS, is calling for a coherent policy on polar affairs, including research.

It calls for legislation similar to that in the United States, which would include a polar institute with research capacity, which would be sustained by the federal and other northern governments. It sees

this institute as playing an important role in the expansion of research and education in the north.

Canada is a great polar nation. We should be truly masters of our own northern house and a leader in polar affairs abroad.

• (1405)

I urge the government to give the ACUNS document the most serious consideration. It is time we revitalized and rejuvenated northern studies in Canada.

* * *

GRAIN TRANSPORTATION

Mr. Roy Bailey (Souris—Moose Mountain, Canadian Alliance): Mr. Speaker, prairie farmers received the news of the government's intention to introduce grain transportation reform with mixed emotions. Certainly farmers are pleased, as I am, with the freight rate reduction, but there are unanswered questions.

Why did the government take so long to make this announcement? Why is there still no legislation before the House? Why will the bill look so different than the recommendations of the Estey and Kroeger reports, which asked for a complete commercialization of the grain transportation industry? Why is the government delaying commercialization of grain transportation?

Farmers, grain companies and the railways all agree that a commercialized system of grain transportation would result in lower freight rates. Why would the government want to withhold further freight rate reductions by paying lip service to the commercialization of grain transportation in the west?

* * *

VINA WADDELL

Mr. David Pratt (Nepean—Carleton, Lib.): Mr. Speaker, the old saying "You don't know what you've got till it's gone" never rang more true for me than with the retirement last week of one of my long time staff members, Mrs. Vina Waddell.

Vina joined me when I was first elected to Nepean city council in 1988. She stuck with me through the next two elections and such was the quality of her work that when I resigned to run federally in 1997 she was appointed regional councillor for the duration of the term. She has continued to work for me in my constituency office.

Not only did Vina provide excellent service to me and my constituents, she also found time to serve her community, volunteering with the Canadian Cancer Society and Pinhey's Point Historical Society.

To Vina Waddell I say many, many thanks for her wonderful work and service. I wish her and Eldon the very best for a long and healthy retirement.

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THE LATE KEIZO OBUCHI

Mr. Bryon Wilfert (Oak Ridges, Lib.): Mr. Speaker, as chair of the Canada-Japan Interparliamentary Group I would like to express on behalf of the members of the interparliamentary group our deepest condolences with the sad news of the death of former Japanese Prime Minister Keizo Obuchi.

Mr. Obuchi was a strong supporter of Canada-Japan relations. His counsel and his advice were most appreciated. In November 1999 a delegation of Canadian parliamentarians had the great honour of meeting with Mr. Obuchi in his private residence in the context of the 10th bilateral consultations with their counterparts in the Diet. Members were struck by his warmth, friendship and genuine interest in Canada. They sensed that they were among a true friend.

[Translation]

We offer our deepest condolences to Mr. Obuchi's family and to the Japanese people. We will miss him.

* * *

[English]

NISGA'A TREATY

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, on Friday, May 12 I had the honour to attend and witness the signing of the historic Nisga'a treaty in the home of the Nisga'a people in the beautiful Nass Valley. Amidst snow capped mountains and glaciers, fields of green and black lava rock thrown for miles from its volcano 250 years ago, the people of the Nass River celebrated in their great tradition of community over 130 years of struggle for justice and equality.

President Joe Gosnell Sr. solemnly told those assembled, including the premier of B.C. and the federal Minister of Indian Affairs and Northern Development, that the treaty sends a beacon of hope to all aboriginal peoples throughout the world.

Today the federal NDP pay tribute to the Nisga'a people for their perseverance, strength and vision that, as Dr. Gosnell said, is creating a new society.

We congratulate the Government of Canada, the province of B.C. and the Nisga'a on this truly historic day. Premier Dosanjh said "This treaty is about justice" and he is right.

* * *

[Translation]

NUCLEAR FUSION

Mr. Stéphane Bergeron (Verchères—Les-Patriotes, BQ): Mr. Speaker, once again, we see the federal government's bad faith in

S. O. 31

its dealings with Quebec. It deviously forced the closing of the most important energy R and D project in Quebec: the Varennes Tokamak.

The real reasons behind the closing of the Varennes Tokamak are finally clear: members of the Canada-United States interparliamentary group are being urged to bring pressure to bear on the Americans in order to push for Canada, more specifically Ontario, as the site of the future ITER reactor.

The federal government has therefore shut down Quebec's nuclear fusion research project in order to launch a new, infinitely greater fusion program, but this time in Ontario, a province that already enjoys more than 50% of federal R and D funding. If the ITER reactor project comes through, billions of dollars in economic benefits will once again go to Ontario.

* * *

● (1410)

GASPÉ

Mr. Mark Assad (Gatineau, Lib.): Mr. Speaker, given the difficult economic times buffeting the Gaspé, the Government of Canada has announced it will contribute \$1 million to a project to invest in the rail link between Matapédia and Chandler. This will mean the improvement of much of the rail line and railway bridges.

This long expected news was well received by the people of the Gaspé, as was the news of two weeks ago on the division of the Lower St. Lawrence and Gaspé regions for employment insurance calculation purposes.

The Government of Canada is there as well for the Gaspé region in Quebec.

* * *

[English]

PROGRESSIVE CONSERVATIVE PARTY

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, members of the Progressive Conservative Party of Canada demonstrated to Canadians this past weekend in Quebec City that we are the only truly national alternative to the Liberal government. Over 1,000 dedicated Conservatives from across this great country discussed, debated and approved what will be our vision for Canada's future in the next federal election.

This past weekend also demonstrated to cynics of other political persuasions that the Conservative Party is very much alive and kicking after more than 130 years. Our party will continue to put forward new, bold, progressive ideas, ideas that will appeal to all Canadians from coast to coast to coast.

I would also like to congratulate Kris Paulson from my constituency who won a communications award from the PCYF.

On behalf of the PC caucus I would like to thank all of the dedicated Progressive Conservatives, young and old, across this great country who showed their true blue colours over the weekend in Quebec City.

[Translation]

I am a Canadian, my country includes Quebec as well.

* * *

[English]

OCCUPATIONAL HEALTH AND SAFETY

Mrs. Judi Longfield (Whitby—Ajax, Lib.): Mr. Speaker, the week of May 15 to 21 marks the fourth annual North American Occupational Health and Safety Week. Each year this special week gives us extra opportunity to promote awareness of the importance of preventing injury and illness in the workplace.

Workplace accidents take a tremendous emotional, physical and financial toll on many Canadian workers and their families. On average three workers are killed every working day. Every nine seconds someone is injured on the job. An investment in occupational safety and health is an investment in the well-being of workers and in the economic health of Canadian business.

It is fitting that this year, the 100th anniversary of the labour program, the theme is "Work Safely for a Healthy Future". The aim is to encourage young workers to become aware of the critical importance in working in a safe and healthy manner.

Many special events are being held throughout this week in Canada, Mexico and the United States to bring attention to workplace safety issues. I hope hon. members will join me in wishing the participants a very successful week.

* * *

[Translation]

THE FAMILY

Mr. Bernard Bigras (Rosemont, BQ): Mr. Speaker, I would like to point out that today is the International Day of Families and the start of Quebec's week of families.

The family lies at the heart of our personal universe. Family members meet often to create a bond of trust, security and longstanding respect to last a lifetime. The family is also a source of the support and frustration, happiness and obstacles, the routine and wonderment, sadness and joy that make an enormous contribution to all of our daily lives.

Starting a family today is an act of courage and, all too often, we forget the merit of it and the contribution it makes to the quality of life of mothers and fathers, children, grandparents, seniors, aunts and uncles, brothers and sisters.

Oral Questions

On this international day of and Quebec week of families, I want to remind them of our recognition.

* * *

[English]

CANADIAN ALLIANCE

Mr. Werner Schmidt (Kelowna, Canadian Alliance): Mr. Speaker, something new is in the air. There is a vibrancy and an enthusiasm that I have not felt for quite some time. Canadians are coming out of political hibernation and taking a new interest in politics. Why? The Canadian Alliance is filling the leadership vacuum in this country. For far too long true leadership in government has been missing. Canadians have been deliberately lulled into complacency by a Liberal government satisfied with the status quo, and distracted by a seatless leader who does not know which battles to fight.

These days are over. True leadership is not measured by where one stands in moments of comfort and convenience, but where one stands in times of challenge and controversy. Those times are upon us.

The alliance leadership race is provoking Canadians to think, to discuss and, most importantly, to determine the course of their future. It is indeed a welcome change and one that will surely lead Canadians to their full potential.

ORAL QUESTION PERIOD

• (1415)

[English]

EXPORT DEVELOPMENT CORPORATION

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, we cannot help but be intrigued at the government's view of ethics. Patrick Lavelle is a long time friend and confidant of the Prime Minister, and friendship has its privileges.

Mr. Lavelle was handpicked to head up the Export Development Corporation. While that is a lovely little job in its own right, it is even better for Patrick because he has a personal stake in companies that receive EDC assistance.

Why is it that conflicts of interest are always overlooked for friends of the Prime Minister?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, my hon. friend is overlooking the fact that Mr. Lavelle is a part time appointee to the board of directors where he serves as chair. He was chair at the time that EDC put into effect its code of ethics. I understand that Mr. Lavelle has complied with this code of ethics.

Furthermore, I understand the EDC board has never considered a matter related to any of the organizations Mr. Lavelle has an interest in. Part time board members are not subject to the compliance measures of the conflict of interest code, but they are fully subject to its principles.

I think that deals with the matter, contrary to the unwarranted assertions of my hon. friend.

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, not exactly. I do not think Canadians who are forking out cash are really pleased with that answer. He talks about a part time chairman. Too bad they were not just giving out part time cash.

It is absolutely amazing that when Patrick Lavelle is not chairing EDC board meetings, which he does as the minister just said, he sits on the board of the Canadian Bank Note Company and Slater Steel and he has stock options in both of those. Wouldn't you know it, the Canadian Bank Note Company and Slater Steel both got millions of dollars in assistance from EDC.

Why is public money being used to finance private business deals for friends of the Prime Minister?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, my friend's assertions are completely unwarranted. As I have already said, I am informed that the EDC board has never considered a matter related to any of the organizations in which Mr. Lavelle has an interest. Why does she not stick to the facts?

Miss Deborah Grey (Leader of the Opposition, Canadian Alliance): Mr. Speaker, maybe he does sit out those particular meetings but I do not think that it looks good or smells good for the government, and the minister knows it.

Patrick Lavelle oversees the management of millions of dollars of public money, period. He also sits on the board of two private companies that do business with that same public money. He is in a massive conflict of interest and the government is his accomplice. Why?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, my hon. friend is wrong in alleging a conflict of interest. I have been advised that Mr. Lavelle complies with the EDC's code of ethics. I am advised that Mr. Lavelle complies with the conflict of interest code for government appointees. I repeat, the board of directors does not deal with any matters in which Mr. Lavelle has an interest.

My hon. friend is wrong. If anything smells, it is my hon. friend's question.

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, he does not have to sit on the board. He just has to put his name on the letterhead and it seems to go to the right place.

Last week the EDC was in the news for giving untendered contracts to friends of the Prime Minister. This week we find out

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that a deal between the Canada Bank Note Company and India went sour. Guess who picked up the \$3.5 million tab? EDC, of course.

Why does that matter? It is because Patrick Lavelle, the chairman of EDC, is also a director of the Canada Bank Note Company. Mr. Lavelle says it is not a lot of money. He does not get involved unless the amount of money is \$20 million or more. Apparently somebody else looks after the petty cash.

Why is it that friends of the Prime Minister keep getting bailed out with public money?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I challenge my hon. friend to put facts on the table in the House and outside the House which indicate that Mr. Lavelle was personally involved in the matter in question. I challenge the hon. member to do that or to stand revealed as not having the ethics that he wants from others.

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Mr. Speaker, here are the facts. There is something rotten going on at EDC.

When the largest oil company in Brazil needed a loan guarantee, René Fugère, a good friend of the Prime Minister and currently under RCMP investigation, helped to get it one. The man appointed to be chairman of the EDC has a personal financial interest in companies that receive millions of dollars from the EDC. The biggest corporate donors to the Liberal Party are the biggest beneficiaries of EDC financial assistance.

Why is it that so many recipients of EDC support just happen to have such close personal and political connections to the Liberal Party and the Prime Minister of Canada?

• (1420)

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, perhaps the hon. member ought to explain why many of the companies to which he refers are also donors to the Conservative Party and even the reform alliance party.

What is the reform alliance party up to? Reform alliancers should come clean. What are they up to?

* * *

[Translation]

HUMAN RESOURCES DEVELOPMENT

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Human Resources Development has been saying since the beginning that she has invoices to justify the payment of the \$1.2 million grant to Placeteco.

My question is very simple: Where are these invoices?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, the hon. member has told the House that he has made an access request for these invoices. I have said a number of times that I agree that the responsible approach to take when we are talking about individual companies with personal information is to use the access to information process.

I am sure that the department, when it reviews the request, will make available all information that it can make available.

[Translation]

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, if these invoices exist, the minister could table them. They were not in the file provided to us under the Access to Information Act. We have submitted a request, but this has gone on for too long.

The minister solemnly told this House that, indeed, invoices had been submitted by Placeteco. Since she minister is not tabling these invoices, will the minister reaffirm in this House that the grant to Placeteco was in fact paid out on the basis of invoices from and only from Placeteco?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, as I said in the House before, the department did an administrative review of this file. It identified there were invoices that concurred with the terms and conditions of the program.

The hon. member has said that he has requested the invoices through an access to information request. Again I would say that this is arm's length from the minister. The information that can be made available will be made available.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, we are quite prepared to give a chance to the Minister of Human Resources Development, but there are limits.

She just told us again that we simply have to submit a request under the Access to Information Act. We did, but we got a file in which there were no invoices. We submitted a second access to information request on March 23. That was seven weeks ago, and we have not yet seen any invoices.

Do these invoices really exist?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, as the hon. member knows, the department has received hundreds of access requests as a result of undertakings these last few months.

The department is working very diligently to respond to the requests of members of the House and of others with regard to

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their concerns. Again, I am convinced that whatever information can be made available under the access program will be made available in due course.

[*Translation*]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I remind the minister that, strangely enough, when we ask for other files, the invoices are always included.

With regard to Placeteco, the minister's whole defence is based on the existence of invoices. These invoices were not in the first file. We submitted another request seven weeks ago. We were still not able to get these invoices. We asked the minister to table them, but she did not. No one has ever seen these invoices.

Is this not simply because the invoices to which the minister referred concern companies other than Placeteco and that none of these invoices concern Placeteco as such?

[*English*]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again let me say to the House that the department is working diligently to ensure that the information requested is made available. Thousands of pages of information have been provided to the public as a result of access to information.

In this case the hon. member confirms that he has made a request. He has asked for the invoices. Again, it is an arm's length process. The request will be reviewed and any information that can be made available will be made available.

* * *

• (1425)

CANADIAN BROADCASTING CORPORATION

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of Canadian Heritage who is responsible for the CBC. It now appears certain after the announcement or non-announcement on Friday that CBC has plans to violate, even repudiate, the mandate given to it by the government and the mandate that the CBC committed itself to in front of the CRTC.

I want to ask the Minister of Canadian Heritage as the minister responsible for CBC and for making sure that mandate is lived up to what the government intends to do now in order to make sure that the CBC does not go ahead with these plans.

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, subsection 3(1) of the Broadcasting Act makes it very clear that the Canadian Broadcasting Corporation has the responsibility to reflect Canada and its regions to the national and regional

audiences while serving the special needs of those regions. I fully expect that mandate will be respected.

The Speaker: Order, please. I wish the bantering back and forth between the minister and the leaders would stop so we could hear the question. I think that is only fair.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, the minister said in the House before that she expects the mandate to be lived up to, but what she is not telling the House is what she will do if it is not lived up to, what she will do about the fact that the vice-president of English CBC has all but indicated that they will not live up to the mandate.

Could she please tell us how she will communicate to the CBC that Toronto is not the centre of the universe and that regional news broadcasts like *24 Hours* in Winnipeg and *Here and Now* in Newfoundland and in other Canadian cities need to be preserved or otherwise the CBC will hardly be worth having soon?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I am sure the member's comments and views are shared by all members of the House, including members of the Canadian Alliance. I fully expect that the CBC will continue to meet its mandate under the Broadcasting Act.

* * *

HEALTH

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, Canadians everywhere, including the good people of St. John's West, are tired of waiting for the health minister to come forward with real action on the number one issue facing the nation, health.

At this weekend's P.C. policy convention our party overwhelmingly endorsed implementing a sixth principle of the Canada Health Act to provide much needed stability and predictability.

Will the health minister commit today to meaningful long term health care funding for the provinces to face this crisis?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, it is regrettable that the Progressive Conservative Party did not use the opportunity of the weekend's convention to change its policy in relation to funding under the Canada Health Act.

The Progressive Conservative Party would provide funding only through tax points with no cash, removing any opportunity for the Government of Canada to enforce the principles of the Canada Health Act. That would be ruinous for Canada's health care system.

I call upon the PCs to see the light, to change their policy and to do what governing Liberals do.

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, once again the health minister is caught in a time

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warp. Canadians are looking for action, not words from the minister.

Members of the Liberal government have had seven years to come forward with a meaningful plan to address the health care crisis. First, they have removed billions of dollars from social transfers, and the minister's stand pat attitude just does not cut it. The provinces have been forced to look for their own solutions.

Will the health minister stop the rhetoric and commit today to a concrete plan to provide predictable, stable, long term plans for health care in the country?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the member has not been listening. We have been saying for months the status quo is not on. We know what the status quo is. Status quo is Latin for the mess the Tories left us. It is not on. We cannot go on like this. We need to improve the quality of care for Canadians.

If the member would speak to the Tory Premier of Ontario, perhaps he could make some progress talking about a constructive plan instead of just television ads picking fights about funding.

* * *

AIRLINE INDUSTRY

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, the Minister of Transport claims that he wants competition in Canada's airline industry but he has a funny way of showing it.

• (1430)

The Department of Transport recently informed Calgary based WestJet that it will no longer be able to have its flight operation inspections in Edmonton. Instead it will have to bring its airplanes and pilots to Ottawa.

Will the minister please explain how forcing WestJet to take its flight operation inspections to Ottawa is going to enhance competition?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, if the hon. member had given me notice of this question I would have had a detailed answer for her. I certainly will look into the matter and get an answer tomorrow.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, the director general of civil aviation for Transport Canada stated that it was Air Canada that suggested WestJet should be required to do its inspections in Ottawa instead of Edmonton.

Will the minister please inform the House when he transferred his authority to oversee Canada's airline industry over to Robert Milton?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, the hon. member poses her question in such a rhetorical way having sat for months on this particular file. In fact, we are doing report stage and third reading today on Bill C-26. She knows full well that it is the law that will be passed by this parliament that will ensure that there is competition in the air industry. It is the law that is passed by this parliament that will ensure that consumers are protected. She should know that Transport Canada has the most outstanding air inspection regime of anywhere in the world. I am surprised she would ask that kind of question.

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[Translation]

HUMAN RESOURCES DEVELOPMENT

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, in the Modes Conili affair, the Minister of Human Resources Development has described as new information the letters sent out to employees by the presidents of Conili Star and Paris Star.

Can the minister guarantee that the auditors of her department did not have the letters to employees in hand at the time they submitted their report, which led to the paying out of a \$700,000 grant?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, I am informed that last Tuesday the department received new information on this file. On Wednesday it reviewed the information. On Thursday it transferred it to the RCMP, which, in its authority, will determine what steps to take next.

[Translation]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Mr. Speaker, this is extraordinary. In describing the letters sent to employees by the presidents of the new companies as new information, does the minister realize that she is asking us to believe that only her own auditors did not have the letters everyone else did, the employers, the employees and even the Quebec parity committee?

Is this possible? Is it plausible to believe that only the auditors did not have the letters in hand?

[English]

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, what I can confirm is that this information was received by the department last Tuesday. It reviewed it and felt it was wise and appropriate to send it to the RCMP. The matter now rests there.

*Oral Questions***HEALTH**

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, it appears that the government's spending practices are completely out of control. We have seen a lack of accountability in HRDC, EDC, Indian Affairs and Northern Development and now in Health Canada.

In the most recent Health Canada audit of the Indian and Inuit health contributions, it appears that \$22 million has gone missing.

At a time when people on reserves are suffering through some of the worst health conditions in Canada, will the Minister of Health simply tell us where the money has gone?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the hon. member, of course, misreads the report, misunderstands the conclusion and misstates what really happened.

The facts are quite clear. The audit uncovered some areas of difficulty and remedial steps have been taken by managers to make sure they are put right. Every dollar is properly accounted for and we will ensure that it is spent in the public interest.

Mr. Reed Elley (Nanaimo—Cowichan, Canadian Alliance): Mr. Speaker, let me get a bit more specific here. These are very serious problems.

In one case close to my own riding, the Tsartlip Band could not account for 63% of its total health contributions of \$177,000. Financial report conditions were not complied with. No monthly reports were submitted. On March 28 officials were to meet with the Tsartlip Band and discuss options for recovery of these missing funds.

The Tsartlip people, indeed all Canadians, simply want to know how the Minister of Health will get this money back.

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, in relation to each of the audits in question, including the one referred to by the hon. member, managers have taken remedial steps. We will ensure that all dollars are accounted for and are spent for the health benefit of those intended to receive the benefits.

* * *

• (1435)

[Translation]

BANKING SYSTEM

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, the legislation the Minister of Finance proposes to implement in the banking system would have the effect of facilitating the

take-over, even by foreigners, of banks with small and medium capital, such as the Banque Nationale and Banque Laurentienne.

Could the Minister of Finance explain to us why he has chosen to protect the major Canadian banks and not the small Quebec banks?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the matter of bank ownership, Quebec banks in particular, is under the jurisdiction of the minister. As he has said in connection with all other bank mergers, acquisition is a matter of policy and of the well-being of all Canadians. When banks in a province like Quebec are involved, this is a matter involving the interests of Quebecers.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, how can the secretary of state tell us the banking system is being reinforced, benefiting Quebecers in particular, when the acquisition of small and medium Quebec banks is possible, even by foreigners, while the major Canadian banks are protected?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, as I have just said, this is a matter that is under the jurisdiction of the minister. In reaching this decision, he is going to take into consideration the interests of Quebec consumers, small and medium businesses and shareholders.

* * *

[English]

CORRECTIONAL SERVICE CANADA

Mr. Chuck Cadman (Surrey North, Canadian Alliance): Mr. Speaker, Canadians were stunned last week when Rose Cece and Mary Taylor, the killers of police officer William Hancox, were both incarcerated at Joliette. We know that the decision has since been reversed.

I want to ask the solicitor general what his corrections officials were thinking. Did they really think the two killers would have a positive influence on each other? Was any consideration given to the family of the victim?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, first, I could never even begin to understand the pain that the family is going through.

On Friday when I was in Washington I called the director of Correctional Service Canada. I also instructed Correctional Service Canada to develop a policy to deal with offenders who commit serious violent crimes together.

Mr. Chuck Cadman (Surrey North, Canadian Alliance): Mr. Speaker, this pair of killers deprived a woman of the intimate relationship she enjoyed with her husband. They permanently removed a relationship between young children and their father.

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Their reward was that they were almost allowed to continue their own personal intimate relationship. Their vicious crime was just a little glitch along the way.

Why did it take the outrage of the victim's widow to point out the obvious?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as I indicated, this is a very serious situation. That is why I instructed Correctional Service Canada to make sure that the likes of this situation does not develop again.

The Speaker: So that all members will understand, the hon. member for Longueuil will be asking her question using sign language.

* * *

[Translation]

DEAF AND HARD OF HEARING PERSONS

Ms. Caroline St-Hilaire (Longueuil, BQ):

[Editor's Note: Member signed as follows:]

Mr. Speaker, on May 5, 1999, the House of Commons unanimously passed a Bloc Québécois motion recognizing the importance for the public and private sectors of providing deaf and hard of hearing persons with the tools required for them to take their place in an increasingly communications-oriented world.

My question is for the Minister of Canadian Heritage. Will she tell us what her government has done since this motion was passed one year ago?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, one very important tool that Canadians have for communication is the CBC.

I myself raised this issue with the CBC's president, with the goal of having subtitles available in all the corporation's French and English programming.

* * *

● (1440)

[English]

THE ENVIRONMENT

Mr. Joe Jordan (Leeds—Grenville, Lib.): Mr. Speaker, due to the tireless efforts of the member for York North, EcoSummit 2000 starts today. This year the focus of the summit is water.

As water quality is an important question for all Canadians, can the Minister of the Environment inform the House of his strategy to address Canadians' concerns about this issue?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, I am pleased to again join with the hon. member in congratulating the member for York North on the work he has done in establishing the EcoSummit. I would remind all members of the House that it is taking place this evening and tomorrow. There will be some very excellent speakers and panels. The Government of Canada and I am sure all members of the House share with her the desire to make sure that water policy in Canada is maintained at the highest possible standards.

* * *

CORRECTIONAL SERVICE CANADA

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, I have in my possession an independent consultant's report on the morale problems at Grierson prison in Edmonton. The report's first recommendation was to put an end to the inappropriate audio and video surveillance of the staff.

Has the solicitor general put a stop to the electronic bugging of the staff at this institution as recommended by this report?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, the safety of the staff at Correctional Service Canada is the number one priority of Correctional Service Canada.

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, this has nothing to do with their safety. This is an intrusion into their privacy. This report could easily apply to any institution in Canada. In this report the consultant criticizes the management style of the institution and remarks that it parallels the commissioner's management of CSC itself.

Does the solicitor general approve of management through intimidation and bullying to get its way with staff.

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, my hon. colleague would be well aware that there is no such thing happening with the staff of Correctional Service Canada. In fact, Correctional Service Canada wants to make sure that the staff have the greatest protection possible. The safety of the staff is the number one priority.

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HEALTH

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, my question is for the hurry up and wait health minister.

On bill 11 the health minister says that we should wait for the legislation, then wait for the amendments, then wait for third reading and then wait for the regulations. Now he says that we should wait for the implementation. The future of medicare is too

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important for that kind of dilly-dallying. The minister still has a chance to act. He can move before bill 11 is actually proclaimed.

Will the Minister of Health do that? Will he hurry up and do something for a change?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I suppose that is the philosophy of the NDP, hurry up and do something. It is a little shy on exactly what it is it will do before the proclamation of the act.

Canadians do not have to wait for this government's commitment to the five principles of the Canada Health Act. They do not have to wait to know that we will do what is necessary to make sure those principles are respected in Alberta and throughout the country.

As I made clear last week when I made my statement in the House, we will ensure that the principles of the Canada Health Act are respected throughout the country.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, that is not what the Minister of Health said back on April 7 when he wrote to the health minister in Alberta. At that time he said that the bill presented circumstances where in fact there were serious concerns in relation to the principle of accessibility.

What has happened since April 7? Who got to this minister? If he is not prepared to apply the current Canada Health Act, will he at least bring in changes to the act to make it clear that this country will not stand for private hospitals or two tier health care?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, I will tell the member what has happened since that letter was sent. We asked the Alberta government to amend bill 11. Indeed, allowing charges for enhanced services in private for profit facilities in combination does create a circumstance that we feel imperils the principle of accessibility.

Alberta did not amend the act. That danger is still there. For that very reason I said in the House last week that we will be watching on the ground, monitoring to ensure that the danger we are concerned about does not occur. If it does, we will step in and use our powers under the act to protect the principles of the Canada Health Act.

* * *

• (1445)

[Translation]

CBC REGIONAL NEWS

Mr. Mark Muise (West Nova, PC): Mr. Speaker, will the Minister of Canadian Heritage tell us whether she has indeed held

discussions with the president of the CBC with respect to the elimination of regional news?

If so, can she reassure the House that she will never accept such a proposal?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I wish to thank the member for West Nova for his support for compliance with the Broadcasting Act.

If the Broadcasting Act is to be complied with, the regions must indeed be represented on television. I hope that this is one of the questions he will ask tomorrow morning when the CBC's president appears before the Standing Committee on Canadian Heritage.

[English]

Mr. Mark Muise (West Nova, PC): Mr. Speaker, *Compass* in P.E.I. and *Here and Now* in Newfoundland are the most watched CBC programs in their respective provinces. With an audience share of 68% and 59% respectively, these two programs seem to contradict the CBC president's assertion that nobody watches regional CBC news.

Will the Minister of Canadian Heritage intervene on behalf of all Canadians to protect these and other popular TV programs?

Hon. Sheila Copps (Minister of Canadian Heritage, Lib.): Mr. Speaker, I want to thank the hon. member for his support. These two programs in their own areas are actually the most popular programs in the country, not just in the region.

I am sure he would not want me personally to start picking and choosing the shows on CBC. I do believe that he and I together and this House of Commons are going to work to make sure that Canada's law on broadcasting is respected and that the regions are reflected in the way that will do dignity to the CBC and to the country.

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THE ENVIRONMENT

Ms. Sophia Leung (Vancouver Kingsway, Lib.): Mr. Speaker, my question is for the Minister of the Environment.

Canadians want clean air to breathe, but some Canadian oil companies are complaining about new regulations limiting sulphur in gasoline even though similar regulations have been in place in the U.S. for 10 years. Will the minister please explain to Canadians just how important those regulations are?

Hon. David Anderson (Minister of the Environment, Lib.): Certainly, Mr. Speaker, the hon. member is correct. The regulations for sulphur in gasoline have been in effect in California for some four or five years. Costs have been minimal. They have been in effect since the beginning of the year in New England. Again, in an

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area with a gasoline market larger than Canada as a whole, costs have been about half a cent per litre.

The fact is we are talking about approximately 30 lives lost prematurely as a result of the level of sulphur in gasoline and the resulting emissions and air quality that comes from it. We wish to reverse that. We wish to cut down on those deaths. We will continue to put in place the regulations that industry has known were coming for the last six years.

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ABORIGINAL AFFAIRS

Mr. Derrek Konrad (Prince Albert, Canadian Alliance): Mr. Speaker, we know that 84% of aboriginal households live below the poverty line and that the unemployment rate on Indian reserves is in the range of 80% to 90%. We also know that in the 1998-99 fiscal year the Department of Indian Affairs and Northern Development made a \$10,000 grant to the national tulip festival.

What we want to know from the minister is how was section 66 of the Indian Act fulfilled? How was the general progress and welfare of those poverty stricken people promoted by this grant?

Hon. Robert D. Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, every single department, including ours, has an education component to make Canadians aware of what aboriginal culture is all about. That is what we were doing under this particular grant. Some 600,000 people go to that festival and we can then show the importance of aboriginal culture and aboriginal peoples to our Canadian family.

I hope those members have an opportunity to go because they could use some education.

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[Translation]

RCMP INVESTIGATIONS

Mrs. Pierrette Venne (Saint-Bruno—Saint-Hubert, BQ): Mr. Speaker, two of my colleagues have asked the solicitor general to investigate the files of Placeteco and Option Canada.

Could the solicitor general report to this House on the status of the files, tell us what point the investigations have reached and confirm that he intends to get results before the next general election?

[English]

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, as solicitor general I am responsible for the RCMP. I am not involved in the daily activities of the RCMP. I am not involved, nor do any of my colleagues in the House wish me to be involved, in investigations involving the RCMP.

• (1450)

DEVCO

Mr. Peter Mancini (Sydney—Victoria, NDP): Mr. Speaker, last week the government invoked closure to stifle debate on Bill C-11, the government's bill which dismantles Devco. This week it plans to ram the bill through committee.

The company and the unions right now are in arbitration which may compromise the evidence which comes before the committee. Will the minister show good faith and write to the committee asking that it postpone hearings until the arbitration is complete? If not, will he at least ask the committee to travel to Cape Breton to hear from the citizens in that community?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the hon. gentleman in effect is asking for the legislative process with respect to Bill C-11 to be put off until sometime in the fall. Quite frankly that is not in the public interest and particularly is not in the interest of Devco in Cape Breton. That would mean that the ability to find private sector owners to secure the business and to secure the jobs for the long term would go off into never never land, leaving a huge cloud of uncertainty over at least 500 jobs in Cape Breton.

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TRANSPORTATION

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, in the very first meeting of the council of Atlantic premiers held today, the premiers called for a federal highway funding program.

Last week the minister announced a \$175 million program for rural roads in western Canada completely separate from any infrastructure program. Will the minister announce an equal program for Atlantic Canada of \$175 million for highways in Atlantic Canada, completely separate from any infrastructure program, as he did for the western provinces?

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, the \$175 million for grain roads was specifically tied to grain transportation reforms and will help producers in western Canada overcome some of the problems which arise as we go to a more competitive system.

In the budget the Minister of Finance announced over \$2 billion for infrastructure and \$600 million for highways. Some people say that is not enough. In a perfect world we would have much more money, but this is a start. It means we can now start reinvesting in national highways. I think that is a very good start and who knows, more money may come in the future.

Oral Questions

[Translation]

INFRASTRUCTURE PROGRAM

Mr. Marcel Proulx (Hull—Aylmer, Lib.): Mr. Speaker, municipalities are keen to hear the good news about the great infrastructure program.

My question is for the President of the Treasury Board and Minister responsible for Infrastructure. Could she inform the House of the progress in the negotiations between the Government of Canada and the provincial and territorial governments on infrastructure?

Hon. Lucienne Robillard (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, in fact, the preliminary consultations with the provinces have begun in connection with the municipal infrastructure program.

I can say to the members in this House that all of the provinces and territories are interested in taking part in the program. They agree that priority should go to green infrastructures, that impact on the environment of our fellow citizens. They agree that the program should be based on the needs of the individual communities.

I have every reason to believe that we will keep to our schedule. Official negotiations will be underway shortly. We think we will be able to sign formal agreements by the end of the year, and sooner if possible.

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[English]

ABORIGINAL AFFAIRS

Mr. Derrek Konrad (Prince Albert, Canadian Alliance): Mr. Speaker, it is time for the minister to wake up and smell the tulips.

The Department of Indian Affairs and Northern Development has failed to meet even the most basic needs of the people for whom it has primary responsibility. Canada Mortgage and Housing Corporation reports that 65% of on reserve housing fall below standard codes and 23% lack water. Yet the department can find \$10,000 for the national tulip festival.

Does the minister think that those people who have to carry water to their rundown houses would approve of this grant?

Hon. Robert D. Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, yes, because they are the ones who applied for the grant.

[Translation]

GENETICALLY MODIFIED ORGANISMS

Ms. H  l  ne Alarie (Louis-H  bert, BQ): Mr. Speaker, at its conference in Quebec City this past weekend, the Ordre des di  t  tistes du Qu  bec examined the issue of GMOs. It is calling for mandatory food labelling and more thorough studies into the potential impacts of transgenic foods on health.

What is the Minister of Health waiting for? Do all the professional corporations have to demand the same thing of him?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, all genetically modified foods have to be submitted to Health Canada for evaluation and determination of whether they are as safe as other foods already on the Canadian market.

Recently we set up a committee of experts to examine Health Canada regulations and ensure that we are acting appropriately. For us, the most important objective is the health of Canadians.

* * *

● (1455)

[English]

THE ENVIRONMENT

Mr. Dennis Gruending (Saskatoon—Rosetown—Biggar, NDP): Mr. Speaker, when the free trade agreement was being negotiated with the United States and Mexico, Canadians worried that we were on the way to weaker environmental laws and lax enforcement. Senior American officials now confirm that the Canadian government is trying to undermine guidelines that allow whistleblowing citizens to take complaints to the centre for environmental co-operation.

The minister's officials will meet with the other two countries this week and he will meet with his counterparts in June. Will the minister promise that he does not support and will not allow changes to guidelines governing citizen's submissions to the centre for environmental co-operation?

Hon. David Anderson (Minister of the Environment, Lib.): Mr. Speaker, unfortunately the hon. member's preamble to his question is sheer rubbish. The fact is we have a good system in place. There will be opportunities of course to improve it. It is a new system, virtually unique in the world, where there is such a commission in effect between three countries above what they can do domestically in terms of appeal. Undoubtedly there will be improvements and changes in the approaches that are taken and the mechanisms in the future, but to suggest that any change must be a negative is sheer unadulterated rubbish.

*Oral Questions***CORRECTIONAL SERVICE CANADA**

Mr. Jim Abbott (Kootenay—Columbia, Canadian Alliance): Mr. Speaker, the solicitor general's answers to questions today have been somewhat curious. In an answer to the Bloc Quebecois he said that he could not get involved in that department. In an answer to my colleague from Surrey he said that he got involved in that department. My colleague from Wild Rose stood in the House and asked a question about a report. The solicitor general should know that in the last five minutes Correctional Service Canada has asked my colleague for a copy of that report.

Who is in charge? When does the minister actually take charge in his department? What is going on?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, when I was informed of the situation on Friday I indicated to the House that I contacted Correctional Service Canada immediately and action was taken.

Does my hon. colleague feel that I as solicitor general and other ministers and politicians should be involved in police investigations? Around the world that has not worked very well and it will not happen in this country.

* * *

HEALTH

Ms. Libby Davies (Vancouver East, NDP): Mr. Speaker, I know that the Minister of Health is aware of the desperate situation in Vancouver's downtown east side where the death toll continues to mount from people who are dying from drug overdoses. I also know that the minister is aware of the increasing number of reports from medical experts and scientific experts who call on him to show leadership and do what has been done in Europe which is to take a comprehensive harm reduction approach.

When will the minister act? How many more people will have to die before the Minister of Health takes action on this very critical issue?

Hon. Allan Rock (Minister of Health, Lib.): Mr. Speaker, the member will know that Health Canada has already acted in the sense that money was made available for important community services including a resource centre. We have worked with the community groups to identify how that additional money is best spent. Most important, we are participants in a three government partnership, federal, provincial and municipal, to address these very complex and tragic problems. Our interest continues. We are

working very closely with those other governments. If the member has specific suggestions, we would be happy to receive them.

* * *

GRAIN TRANSPORTATION

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, last week three ministers of the crown held a press conference to tell us their vague intentions with respect to grain transportation in western Canada. One of the ministers, the minister responsible for the Canadian Wheat Board, even suggested that there would be a memorandum of understanding signed between the Canadian Wheat Board and the government to find out what its participation will be in those changes.

• (1500)

Is the minister prepared to table the memorandum of understanding prior to the legislation, and will other stakeholders have an opportunity in those negotiations of the memorandum of understanding?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, obviously work is ongoing on the memorandum of understanding. It will, in fact, be a public document.

Let me remind the hon. gentleman of the reactions of some of the important organizations in western Canada to the announcement we made last week. I refer to the reactions of the Keystone Agricultural Producers, the Saskatchewan Association of Rural Municipalities, the Wild Rose Agricultural Producers, the Canadian Federation of Agriculture, the Government of Saskatchewan, the Government of Alberta and the Government of Manitoba, which were all favourable.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the minister has obviously put on the table a number of testimonials in favour of that particular suggestion. He has not put on the table the testimonials opposed to it.

Will the minister please table the memorandum of understanding prior to tabling the legislation so that we can have an understanding as to the influence of the Canadian Wheat Board on grain transportation in western Canada?

Hon. Ralph E. Goodale (Minister of Natural Resources and Minister responsible for the Canadian Wheat Board, Lib.): Mr. Speaker, the memorandum has obviously not yet been negotiated. There will be ample discussion about the content of that memorandum. And, yes, it will be public before the legislation comes into effect.

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

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

* * *

[Translation]

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

• (1505)

[English]

CANADA TRANSPORTATION ACT

The House resumed consideration of the motion that Bill C-26, an act to amend the Canada Transportation Act, the Competition Act, the Competition Tribunal Act and the Air Canada Public Participation Act and to amend another act in consequence, be read the third time and passed.

Hon. David M. Collenette (Minister of Transport, Lib.): Mr. Speaker, I am very pleased to take part in the debate this afternoon as we wind down on this very important piece of legislation. This bill is designed as a federal response to the restructuring of our two major airlines and to deal with the consequences as far as the rest of the Canadian airline industry is concerned, as well as travellers and shippers.

I would like to thank members of the Standing Committee on Transport. I have to say that this has been one of the more salutary efforts I have been involved with in the House, in the sense that there has been remarkable co-operation on all sides. There has been good, sharp, intense debate. Amendments came forward which

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received the acceptance of members of the other side, which helped to strengthen the legislation and clarify some things. I am extremely happy to have had that co-operation from members of the committee and I thank them publicly.

[Translation]

I want to put on the record my thanks to all of them. I know what long, and late, hours they put in to move this bill forward as quickly as they have.

My second reason for being pleased is that the prospects for passing this bill sooner are looking brighter.

Members of this House, I am sure, understand the importance of bring this bill into force, and I have no doubt the other House will be of the same view.

[English]

I would like to deal with a few of the important points of the amended bill.

The law at present provides the authority for the process to approve the airline acquisition deal between Air Canada and an Alberta numbered company and Canadian Airlines. This bill provides the mechanisms and the enforcement tools necessary to ensure compliance with the terms and conditions of the deal, which are the commitments made to me by Air Canada and to the undertakings negotiated between Air Canada and the competition commissioner.

This bill expands the powers of the Competition Act to ensure new protection against anti-competitive behaviour by the operator of a domestic air service that would impede or discourage the development of new services by other Canadian carriers. This is extremely important.

There has been much made in recent weeks about the need for competition. I have met with charter carrier officials and people from other airlines in Canada. I can assure the House that there is a willingness to step in and provide the necessary competition. But the people want some assurance of stability, some clarity of the rules and the knowledge that Air Canada would not use its pricing might, its capacity, to drive other airlines out of business. That is why this bill is so important.

We have not only brought in predatory pricing provisions through a clause that was developed by the Competition Bureau, we have actually toughened up that particular aspect of the bill.

[Translation]

This bill brings increased protection for consumers and new obligations to ensure that communities can make the case for the retention of services when carriers are considering reducing service, or withdrawing from a market.

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This bill ensures that travellers and shippers will be able to deal with Air Canada and all its subsidiaries, current and future, in the official language of their choice, where there is significant demand.

I made a small comment on the importance of these amendments with respect to the Official Languages Act and its application to subsidiaries of Canadian Airlines International. This is a notable change in our policy, because Air Canada used to be a crown corporation, and now it is a private sector company.

• (1510)

[*English*]

Before commenting on what is new and improved in the bill as amended, I would like to say a few words about what is not in the bill. There is nothing in the bill which would change Canada's policy regarding Canadian ownership and control of our airlines.

Despite the lack of support for the policy by some editorialists and columnists, the government will maintain its policy. I know that members in my own party sought to increase foreign ownership from 25% to 49%. We have that statutory authority now, but we fixed it at 25% because we believe that the airline industry must be controlled by Canadians. That has been clear throughout this debate, through letters to the editor, e-mails we have received and polling. There was a poll done by Maclean's and CBC in December which showed that 83% of Canadians believe that we have to maintain a strong Canadian identity in this new century and that Canadian ownership of business in Canada should be even greater.

I would ask why we would want to arbitrarily increase the 25% limit when many other countries around the world keep that limit themselves. The Americans do not allow foreigners to have more than 25% ownership in any U.S. carrier. Hon. members will remember a few years ago when Air Canada owned 25% of Continental Airlines. It was a very good investment by the former president of Air Canada, which reaped great benefits for Air Canada, but it could not hold any more. It could not, in effect, control Continental Airlines. Why should we dilute our control and yet allow the U.S. to maintain its 25%? And not just the U.S., but other countries in the world. We must maintain solid Canadian control, effective Canadian control, of our airlines.

When it comes to other issues of competition, we have been held up to some criticism by editorialists who believe that we should allow foreign carriers to come into the country. Again, I have spoken with Canadian carriers, the WestJets, the charter carriers and others, and they believe that they can fill the void.

I noticed in the clippings today from transport statements made by Mr. Kinnear, the president of Canada 3000. I met with him last week and what he said to me privately he said publicly, that is, now that they know what the regime will be they are going to acquire

more planes. And not just that charter company, but other charter companies will be doing the same thing.

I think the naysayers in the media and some of these great experts we see who pop up from academia should perhaps wait for 18 months to see what the Canada 3000s, the Air Transats, the Royals and the Sky Services can do. We know that CanJet, the airline being proposed by Mr. Rowe, a prominent businessman from Halifax, is going to get off the ground. He has made public statements in the last few weeks. That will be an exciting development. He wanted to see what kind of bill we were bringing in. He wanted to see what kind of regime he would have to deal with. He wanted to know that the competition commissioner would have real power to deal with Air Canada, which, notwithstanding its protestations about competition, has 80% of the market and naturally would try to push the envelope. I think we have seen evidence of that in the last few weeks. There was so much evidence that members of the committee became quite annoyed at the president of Air Canada and took him to task when he appeared before the committee. As a result, the bill was toughened up.

Now that the bill has gone through the House and will be going to the Senate—and hopefully will receive expeditious approval after full debate in the Senate—companies like CanJet and WestJet and the charters will know the regime and they will want to plan for extra capacity. I am quite excited about the new discount carrier that Mr. Rowe will be basing in Halifax and Toronto because that will provide discount competition from the hub in Toronto. We now have discount competition by WestJet from Hamilton serving eastern Canada.

• (1515)

Western Canada has continued to enjoy the good service of WestJet. There is Conair and some other smaller companies not allied with Air Canada providing good service and price competition. The charters provide that competition. Even before Air Canada and Canadian merged, in the peak season in the summer months Air Transat, Canada 3000 and Royal Airlines provided 25% of the capacity between Toronto and Vancouver. There was choice.

One of the problems is that there is not a choice for the business traveller. It is to be hoped that an airline will come along. I have heard certain things where there will be other entrants into the market whereby there will be real competition, full service competition, not just in the charters, not just for those people who want the cheapest seat possible, but competition for those companies that want some real choice for their executives travelling across the country. That will come.

What makes me so annoyed in this whole debate is that somehow people think we can just flick our fingers after we announced on December 21 the historic deal of putting these airlines together and brought in a bill in February and somehow

competition would emerge overnight. As Mr. Kinnear of Canada 3000 said in the newspaper on the weekend, he has four A319s on order to lease but they cannot get into service until next summer. There is a backlog of new aircraft orders around the world.

It is not like flicking our fingers and getting immediate certifications of planes, training crews and having a total competitor to Air Canada overnight. That is why I keep talking about 18 months to two years to give the marketplace time to sort itself out. If it does not, I can tell the House categorically that the government will not hesitate to bring in foreign carriers to compete with Air Canada because ultimately we have to make sure the travelling public has a good deal.

I am not happy with the kinds of prices we have seen in the last 10 years. As I said earlier at report stage, the duopoly of Canadian Airlines and Air Canada was not competition at all. People are lamenting the demise of Canadian Airlines as the end of competition. The fact is there was very little price competition. What they were doing was bashing themselves over the head with extra capacity all around the country with flights departing at the same time.

I remember going down to the Deputy Prime Minister's riding about a year ago. I was booked on an Air Ontario flight to go to Toronto. Then I found out that there was a Canadian regional flight that was leaving a half hour earlier. I had about three minutes to get a ticket and get on it, and I did. I ran to that plane. It was a 19 seat Beachcraft. Do hon. members know how many people were on it? Yours truly. I was the only one on it. Do hon. members know how many people were on the Air Ontario flight? There were six people on a 50 seat Dash-8. That is the kind of ludicrous competition that we had. It was not competition.

Anyway, let us not talk about the past. We are wasting time talking about the past. Let us talk about the future. We have made Air Canada strong. It has new roots. It is now the world's 10th largest airline. It will do battle with the best in the world, British Airways and Cathay Pacific. The U.S. carriers are not even in Air Canada's league. They are not in Canadian Airlines' league. We had two of the best carriers in the world. They won awards for service. Now we will turn them loose as a combined entity under the Air Canada banner right around the world.

New services have been announced. I was present in Toronto a few weeks ago for the new non-stop service by Air Canada to Tokyo. There will be other new markets to Asia, to Australia and to other parts of Europe. This is great for Canada, because we not only have a good product. We have a strategic advantage.

With the open skies agreement with the United States we attract the biggest market in the world to come through the Canadian hubs of Vancouver, Calgary, Toronto, Montreal and Halifax. We will sup

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up a lot of that traffic which knows that they get a poorer product on U.S. carriers. They will go on Air Canada.

Air Canada will be happy. It will make lots of money. There will be competition on the international routes because if people do not like Air Canada's prices then all those foreign carriers still come into Canada and there is competition on the transborder.

Where we are really concerned is for those people who do not have competition in Canada. That is why the bill is particularly strong with respect to monopoly pricing on routes where there is no competition. Is it likely that we will have competition in some smaller communities in the country? No, it is not. We have to make sure that Air Canada does not gouge the travelling public.

• (1520)

That is why we have amended the Canada Transportation Act, to ensure that the Canadian Transportation Agency has that power. We are giving it on its motion the authority to go after Air Canada and say "Listen, justify your price. Roll it back". We are not just going to wait for any member of the House or a member of the travelling public to go in there and say "We have a complaint and would you deal with it over the next few months?"

The Canadian Transportation Agency will be monitoring these prices on a daily basis. With modern computers it will be monitoring all the prices, not just the full, economy and business class fares but all the various excursion fares, to make sure that Canadians get the best opportunity.

[*Translation*]

We clearly share the view that there should be a federal official who can deal with consumer complaints. I believe we have found a formula which will not create a new bureaucracy but will provide for the mediation of complaints where no other remedy exists.

Making the proposed air travel complaints commissioner a member of the Canadian Transportation Agency complements the other complaint handling mechanisms which the agency said it wanted to put in place to gather complaints, including those from persons who want to register their views.

[*English*]

I know members of the committee were a bit frustrated when they gave their report and I gave the government's response because they wanted an ombudsperson. We had some real reluctance in this regard because we did not want to set up yet another bureaucracy to deal with the complaints about service and pricing. On pricing we have the mechanisms in the Canadian Transportation Agency. On predatory behaviour and predatory pricing, we have given new powers to the commissioner.

In putting our heads together over at the department we asked why we could not have this person whom the committee wants to

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oversee the merger and to make sure that complaints are dealt with. Why do we not give the individual real teeth? That is why we are doing something quite extraordinary. We are naming a new commissioner of the Canadian Transportation Agency. Again this does not seem to be out there in the country.

The Canadian Transportation Agency is the quasi-judicial regulatory body over transportation in the country. If we name a new commissioner who specifically will have the mandate to deal with airline restructuring, that is an extremely powerful individual. It is an individual who can subpoena documents and haul in the executives of Air Canada to ask them what is going on. This individual can demand mediation and use the full powers of the office. If that were not enough, the individual can refer matters to the full commission for adjudication, refer matters to the Competition Bureau for its adjudication, or refer matters to the courts for ultimate arbitration.

I cannot believe that Air Canada would want to run afoul of the Canadian Transportation Agency, the regulatory body. I am sure it will co-operate now. To its credit, Air Canada has named its own ombudsperson. The fact it has done this is an admission of the fact that not everything has gone that well with the merger. By and large, the macro issues have been managed quite well, but a lot of what people may refer to as the smaller issues in terms of consumer-customer complaints have not been handled properly.

I was a customer the other week, along with some members of the Reform Party going back to British Columbia and some colleagues of mine from Winnipeg and Windsor. We saw firsthand some of the problems. We cannot dismiss a small complaint when as a result of a mechanical problem on one plane with a capacity of 135 a larger plane was brought in with a capacity of 180 and the airline tried to squeeze in 230 people on that 180 seat plane. No wonder there was a lot of irate passengers. Plus, there was the fact that the flight from Winnipeg had a mechanical problem and it was three hours late. As well, there were not enough ticket agents on duty because there were some off sick.

● (1525)

These may seem like small things to some. I note that on Bay Street they say that we are not taking note of all the big things that have gone well. The air service exists solely for the Canadian travelling public. It does not exist for the stock market. It does not exist solely for the shareholders of Air Canada. It exists for the benefit of passengers. That is why we have not apologized one whit—neither have the members of the committee, no matter what party in the House—for defending the rights of the Canadian consumer, not the rights of the air carrier.

The modifications we have in this bill are quite strong and they will deal with many of the problems that will have to be addressed as the merger goes on.

Let us take the exit provisions. There were some modifications required because some of the carriers like the charters came to us. WestJet came to us and even Air Canada asked if it was particularly fair going from 60 days to 120 days. We have shown some modification there. We have made it easier for the WestJets of the world to go into a new market and not have to stay there for 120 days and lose their shirt if they are not going to make any money.

I think people will forgive me in the House if I blow the horn of the government. If we do not do it ourselves no one else will do it, certainly not if we read some of the editorialists across the country. We have found through government action by using section 47 last fall a private sector solution. It was a bit messy. It was a bit annoying for some people. Anyone who follows the business world knows that mergers and acquisitions are messy at the best of times. The difference here is that the government instigated the whole process through section 47. We had to adjudicate it in the end and come forward with regulation in parliament, which is what we have done through this legislation.

It is obvious, having done that, we would get knocked around in the process. However there is no one that can convince me that we were not right in bringing this whole matter to a head. If we had not done so, we would have had a failure of the second airline in the country. We brought forward a regime that came forward with a private sector solution.

Some people said that we should have let Canadian Airlines go bankrupt. There were columnists in national newspapers saying that. These guys sit at their typewriters or their computers and do not think about the 16,000 people working at Canadian Airlines. They do not think about the thousands of travellers across the country who would have been inconvenienced. I tell the House that the government was not going to let the travelling public down. We were not going to let the workers of Canadian Airlines down.

When we did the deal on the Tokyo route on December 20, Canadian Airlines had two days cash left. I did not know whether it would meet the payroll for Christmas. All these great observers said that we should let the marketplace find its ultimate way and let these people be out of work. It is government, parliament, members of parliament no matter on what side of the House, who would have had to pick up the pieces. It is all right for people to make great pronouncements, but when men, women and children would have been affected, disrupted, that would have been a tragedy.

There was not the capacity in the country to deal with it. Air Canada could not have picked up the load. U.S. carriers could not have come in here even on temporary permits to pick up the load. The charters could not pick up the load at Christmas. Everyone was stretched.

This was the only solution. Not everyone likes the deal that was negotiated between the commissioner of competition and Air Canada, but in the failing firm scenario he had to deal with it the best he could do. I would like to thank him publicly for the work he

and his staff have done in helping all of us bring this new regime forward.

The deal has resulted in the taking of the number one airline in the country, the number two airline in the country, 41,000 people, 350 aircraft serving hundreds of destinations in Canada and around the world. We did not have to put up a nickel of taxpayer money to bail out Canadian Airlines. The taxpayer has not been asked to fork out a nickel. There was no bankruptcy. There was no tragedy. There was no heartache.

There has been some slight disruption, depending on the day. We would not call it slight. I did not call it slight the other day at the Ottawa airport. However, the next day when I came back it was okay and things have improved this week. That is why I asked for time for the airline to get its act together. I asked for time for competition to develop because there will be competition, Canadian competition operated by Canadians. It will give the pricing and the flexibility that Canadians want.

• (1530)

I think the commissioner will be making an announcement today or tomorrow about his negotiations on the sale of Canadian Regional Airlines. He got a very big extraction out of Air Canada as part of the deal. Canadian Regional is not an inconsequential player. It has 53 planes, 28 of them jets, albeit old jets. It flew to many communities across this country and even to a few in the U.S. Under the deal that was negotiated by the commissioner, Canadian Regional Airlines must be offered for sale. That is about to be done.

My friend from the Reform Party was taking me to task the other week in question period about the delay in this airline being offered for sale. However, as I said at the time, it has been very difficult to put a value on Canadian Regional Airlines because it was part of the overall Canadian Airlines International. We did not know what amounts should be assigned for marketing, maintenance, sales and all the rest. That has now been done. A third party is being retained to sell that airline. If it is not sold, Air Canada gets to keep the airline. I cannot believe there are no entrepreneurs out there making an offer for Canadian Regional Airlines. If that is the case, there will be more full service competition to Air Canada in the months ahead.

In looking back at the last nine months, I must say that it has not been easy. It seems that anything I have been involved with in my career as a politician has not been easy. However, it is not all the knocks taken on the way; it is how a certain issue ends up. This is ending up, I think, good for Air Canada and for its shareholders.

Let us not forget that if we were Air Canada shareholders, having bought shares when the Mulroney government privatized it in 1988, watching the stock market go through the roof in the last few years, at \$6 a share when all this began last year having been floated at \$8, we lost money. Today the shareholders are laughing.

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The share price is at \$16 or \$17. It is rumoured to be going even higher. We have done the shareholders of Air Canada a favour, despite all the hand-wringing of last fall about the poor shareholders and how they would be sacrificed. The Air Canada shareholders are happy.

We as Canadians are happy. We are going to have the world's tenth largest airline, an airline that is fully bilingual in the service that it provides to the travelling public, and an airline of outstanding quality, of dedicated employees, of new aircraft, one of the newest fleets in the world, and it will be Canadian. We should all be proud of that.

We have also helped all those employees who would have been thrown out on the street. The people at Canadian Airlines will be protected for two years. Any redundancies have to be provided with full packages. The communities that Canadian Regional was servicing at the time the deal was consummated on December 21 must continue be served by Canadian Regional. Those employees will be needed. They should have no fear if a new owner comes along. The alternative would have put people out of work and put families under pressure at a difficult time of year. We see a positive aspect there.

Communities are protected in the bill. For three years Air Canada has to give service. The same goes for Canadian Regional if it is sold. It is all right for guys like me who come from Toronto because we have service coming out our ears. It is the same for the hon. member from the Reform Party who comes from Vancouver. We are lucky. We have lots of service.

My friend from the NDP comes from Churchill, a small community. There is not much service in that area or in areas like that. My parliamentary secretary, who has done an outstanding job here, is from Thunder Bay, another small community. The Thunder Bays of this world will all be protected in this particular regime.

• (1535)

Mr. Stan Keyes: Thank God for Hamilton.

Hon. David M. Collenette: Mr. Speaker, I hear my friend from Hamilton West, the committee chair and the former parliamentary secretary, waxing eloquently about Hamilton. As a Torontonians I am happy that we can finally get those people from Hamilton to keep quiet about their airport because they have air service. They will have scheduled service and more flights will go in there. It is now the biggest cargo operator in all of Canada. Let us not have any more crocodile tears about Hamilton, I say to my colleague from Hamilton West.

We have all these benefits: the communities are protected, the employees are protected and an international airline is growing. The only thing we have not yet been able to do, but which I believe

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sincerely will be done, is to get the kind of competition forward that will ensure that Air Canada has to really be on its toes. I have told the media that it should not keep on talking about cabotage but that it should call up the executives of the charter carriers, WestJet, Mr. Rowe of CanJet and others and ask them if they want cabotage. They will say "No, my God, no. Please give us a chance to compete".

I believe in Canadian entrepreneurs. I cannot believe some of the drivel that has been written about the need to bring in the Americans to somehow rescue us from the lack of competition. Nothing can be done overnight but, as we can see from the plans of the charters and others like WestJet, there is new equipment coming on and new entrants will be coming into the market. There will be competition and it will be Canadian competition. It will be competition of which we can all be proud.

Madam Speaker, thank you very much for your rapt attention. If you think that I have been somewhat strong-minded in my views today, you are absolutely right. It is at this stage of the debate that I can actually say what has been on my mind for months. This is an accomplishment not only of this government in its air transportation policy but it is an accomplishment of parliament. It shows how members of all parties can work together for the benefit of Canadians and how all of us can have such a dramatic effect on public policy.

I again thank all my colleagues who took part in the debate: my parliamentary secretary; the chairman of the standing committee, the member for Hamilton West; Senator Bacon, the chair of the Senate committee where the bill will now go; the people at the Competition Bureau; the hard-working staff at Transport Canada who have hardly had a day off since last August; and my own personal staff. It was not an easy task. It was often tough but we did the right thing and it will benefit all Canadians.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Madam Speaker, I too am pleased to see the end of this debate today.

It is very important to recognize the contribution by not only the Transport Canada people but by the committee members who sat for hours before Christmas and again just recently. Everyone put a lot of time and effort into finding the best solution to dealing with the reality of a monopoly air carrier.

The government does have a role in this situation. It was interesting to hear the minister talk about what happened and why we reached this situation where we had to deal with the merging of two airlines. It was critical last fall when we found that one of our major air carriers was failing and days away from having to shut down its operations. It was prudent that the government stepped in to try to prevent a bankruptcy from happening. I also believed that the interruption to the lives not only of the employees but of the

travelling public would have been incredible had a major airline like Canadian Airlines actually shut down its operations overnight. There was a role for government. It recognized that and stepped to the plate.

The legitimate role for government is in safety, environmental issues, labour and competition issues, more specifically, anti-competitive issues.

• (1540)

I do not believe it is up to the government to get back into regulation; to regulate the prices, the routes and that sort of thing. I am pleased the government has not gone that route. Attempts were made today to put in more regulation, but I am pleased to see the government and parliament has stayed away from that.

The best thing the government can do is encourage competition. I listened to the minister with great interest about his hope that Canadian air carriers will step in and be able to provide that competition. I hope so too but airplanes do not come cheap. It takes a lot of money to run an airline and, as in most things, the capital available in Canada for this kind of investment is limited.

I do not see what is wrong with opening the doors and allowing foreign capital to come in to hold up or bolster Canadian airlines. We have done it with other industries and they have been successful. They have offered Canadians good high paying jobs. On more than one occasion I have used the automobile industry as an example. We have tens of thousands of Canadians working in the automobile industry. They have good paying jobs and good working conditions. They are working in Canada under the Canada Labour Code labour relations but the companies are foreign owned. The automobile industry is 100% foreign owned but it provides a lifestyle for tens of thousands of workers that I think is beneficial to our country.

I am not sure that if we can do it for one industry, whether it is the automobile industry, forestry industry or whatever, that it cannot happen in the airline industry where it is a highly capitalized industry.

The government should be concerned about competition and should not be afraid of opening it up. We can have a Canada only airline that is fully owned by foreigners but which still operates in Canada, hires Canadians in good paying jobs and with security, operates under our regulations, buys our gas, pays our taxes and contributes to our Canadian economy. Just because it may not be owned by Canadians does not mean it will not benefit our country. I am not afraid of opening the door to more foreign competition.

The minister made comments about being concerned about the travelling public, the consumer. I would have to say that probably the number one concern of all the committee members was about

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the Canadian consumer who uses air travel. Because of the size and regional disparity of our country, many people have no choice but to use Canadian air carriers. We were very concerned about making sure that the service to Canadians would be there and that it would be at a price they could afford not at prices out of their reach. We were concerned that the airline, the monopoly carrier, be held to its commitment that it had made to consumers.

However, there are some shareholders of Canadian Airlines who do not see the benefits. The minister was saying that the shareholders of Air Canada have seen great increases in their share prices and that they have benefited from it. The shareholders of Canadian Airlines do not have the same benefit. Basically their shares were taken up at nominal value. Yes, the trade-off was that if it went bankrupt the shares worth nothing, but some of those shareholders are the employees of Canadian Airlines. Those employees, who gave up 10% of their salary for a number of years to help Canadian Airlines, have taken a real hit in all this.

Part of our concern has to be that government has a role to play in labour relations. We have two labour forces that have to merge. There are some unhappy situations between those two labour forces. I would suggest that maybe one of the legitimate roles of government is to help those two labour forces accommodate that merger.

• (1545)

There are questions about seniority lists which are causing great concern. Maybe the government should take a more active role in trying to resolve some of those disparities between the labour force of the old Canadian Airlines International and Air Canada. I hear from both sides that they are expecting and need some intervention. Perhaps government is the one to do it.

I think the government does have a role to play. With all due respect, it has done the job fairly decently. There is still room for it to move as far as the competition issue is concerned and not be afraid of foreign competition or foreign investment coming in. I for one feel that Canadians can rise to the occasion and that Canadians will step up to the plate to make sure they are in the game. If we really want full competition and consumers to have choices, we need to encourage that competition to happen.

I want to move on to the role of Air Canada, the now monopoly airline company which is offering services to Canadian travellers. I want to tell it that at second reading I agreed with the government that Air Canada needed the transition time, that it was reasonable to give it two years to make the transition. I had assumed that Air Canada would be magnanimous in the way it would deal with this issue. I thought Air Canada would realize that it had a tremendous opportunity to be number 10 in international carriers. I thought it would realize the potential that was there and that it would be a little more gracious about how it handled this transition period.

I am sorry to say that it seems to have chosen a different route. It has chosen to take a hardball, hard-nosed attitude not only toward the travelling public, but toward the system, toward its competition, toward the creditors who had invested and lent money to Canadian Airlines International, and in particular toward its rivals, people who may be the competition, other air carriers in Canada, which the minister is trusting to step up to the plate and become the competition.

Air Canada with its huge monopoly, control and more important, its influence, is sending a message that it does not want to assume the responsibility in a gracious manner and that it is going to play hardball. I am concerned with the way it is treating the competition or people who thought they had a relationship, agreement or understanding with Air Canada prior to the signing of the document. I see that American Airlines may be taking Air Canada to court because of the renegeing on a deal it thought it was code sharing.

Service contracts with Canada 3000 have been cancelled with 30 days notice. I am not saying it should be held to contracts which are not profitable or realistic. I am saying that Air Canada should have realized the position it is in, the sensitivity of the airline industry right now. It should have been a little less willing to go in with a heavy hand and should have done some of the negotiating in a more sensitive manner. I have not seen that.

We saw where Air Canada, taking advantage of a situation with its size and ability to add capacity, went after WestJet, another potential competitor that the minister is relying on to develop competition against Air Canada. It was another instance where Air Canada sent a very strong message in a very hard-nosed way that it is not going to tolerate any kind of competition from anyone. After having reduced its capacity on the Toronto-Moncton route, it increased its capacity and lowered the fares to make it impossible for WestJet to establish a market there.

I have concerns. I am sure there is a lot of testosterone in the Air Canada boardroom going into overdose levels. There have been some poor strategic and operational decisions. This has been handled very poorly.

• (1550)

Air Canada has not done a good job in communicating to the travelling public what the expectations should be. It has not told the travelling public that they can expect to wait in long lines, that they can expect airplanes to be cancelled, luggage lost and all the rest of it. Maybe it should not say to the Canadian travelling public that it is not able to meet its requirements and needs. At least it could have explained to Canadians that it is going through a transition period and that there is going to be a period of time when there will be interruptions in services and inconveniences. It could have done

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a better job in communicating with the people on whom it depends to buy its tickets.

I appreciate the overcapacity issues. Both airlines were not doing as well as they should have been because they were competing nose to nose and were flying half empty planes. I appreciate that. However, I have problems when the first thing Air Canada did was reduce the overcapacity in western Canada by removing aircraft and moving them east. It has sent a message to western Canadians that in the total picture they are not as important as the other people in the country. There may have been a reason that some of it happened, but I have to ask how is it that Air Canada did not feel that there was not a need for some of the aircraft to be relocated in the western area?

I will use an example of a flight from Fort St. John to Prince George which used to take half an hour. This is in northern British Columbia. People who wanted to go to Prince George, a larger centre with better hospital care and the whole bit, used to fly from Fort St. John to Prince George. Now, in order to get to Prince George from Fort St. John, they have to fly from Fort St. John to Vancouver and then turn around and fly from Vancouver back north to Prince George. It now takes six and a half hours on one flight and four and a half hours on the other, when it used to take half an hour. That is the kind of interruption and inconvenience that is being placed on people because of the transfer of the equipment from western Canada to eastern Canada.

The other concern people in the west have is because equipment has been moved it prevents adding on routes or adding on more frequency to destinations during the height of the tourist season. A number of communities depend on convention travel and large conventions. They are having trouble getting bookings now because they cannot get the people who attend these conventions from Vancouver to their location. Whole markets are dissipating because of the change in the flight availability. It is having a detrimental result. Even though it might make economic sense to the air carrier, it has a negative effect on the western region.

I have trouble when I hear that everything is going well and that it is only a matter of time. It will only go well if the corporate entity of Air Canada assumes the responsibility that has been placed with it and it takes on that responsibility in a way that understands the need of Canadians to use air travel. It is not that we want to, it is that we have to. The distances between communities mean for the most part that we depend on air travel.

The government feels that Bill C-26 is the answer. I do not disagree that it is a good step in the right direction. The government's response in giving more powers to the competition commissioner to put in place cease and desist orders so that he can immediately stop predatory behaviour before it has an effect on the competition is a good thing. It is a good thing the minister and his department in their wisdom have recognized the need to have an ombudsman or in this case a commissioner to deal with and

investigate complaints from the travelling public and make recommendations as to how they can be resolved. Those are good things.

• (1555)

The most important thing for the Canadian travelling public is choice. If we are going to control prices and service and if we are going to make sure that Air Canada assumes its corporate responsibility, there has to be competition. We have to ensure that Air Canada through its influence does not keep the competition from developing within Canada. We must allow others to come in with their capital and assist Canadian companies to form competition.

The minister mentioned that British Airways will be the competition internationally. That is only if British Airways decides to stay in Canada. The domestic part of its ticket has increased three times. It may be that British Airways and some other international carriers who come to Canada cannot afford to stay. This means that Air Canada not only would have control of the total domestic market, it may be conceivable that unless someone leaves Canada and in my case goes to Seattle, they may not have a choice of using foreign carriers.

The real solution is competition. I would like to think that the government will not stand in the way of looking at how we provide competition if Canadian players are not stepping up to the plate in the near future.

It is a fallacy to think that Americans are bad guys, that Canada is a loser if we use foreign investment money. We do it all the time. Companies do it all the time. They use money from other sources in order to enhance their ability to grow and provide services for people.

I would hope that the government will consider opening up the contributions for foreign investors from 25% to 49%. If put at the 49% level, the company is still considered to be controlled by Canadians. When we have bilateral agreements with other countries, it is important to have a Canada owned airline. Forty-nine percent would ensure that it is a Canadian controlled company and would meet the bilateral agreement requirements.

Not only would we have competition, but the competition would be able to meet the occurring international growth. As the minister explained, Air Canada will become the 10th largest international carrier and I think that is great. Canadians will benefit by having a strong international carrier, a strong Canadian airline. I want to reinforce that the strong carrier should not be able to influence those things that happen in the airline industry outside of the company itself.

In discussions with various witnesses before the committee we heard not only of the difficulties facing WestJet but also the difficulties facing Canada 3000. The implication was that because of Air Canada's volume of flights, because of the 80% to 90%

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control of the market that Air Canada has and because of its buying power, it has a lot of influence on those who provide services to airlines. I am thinking specifically of airport authorities. When the largest customer is putting pressure on for the best and most of everything, it is pretty hard for the entity to refuse.

If we really want competition, be it international or domestic, good service from airports and good locations in airports must be available to the competition. The dominant carrier should not always get the best space.

• (1600)

We heard from a number of potential airline competitors to Air Canada that they are always relegated to the back corners of our international airports. I think that is something that we may have to look at; not to implement regulations, but to have the understanding that the most important thing in our country is ensuring that competition can come in and can grow.

I think this legislation is a good step. It will help Air Canada through this transitional period by ensuring that it understands what is expected of it. The bill will hold Air Canada to the agreement it made with the competition commissioner.

I am hoping that as time progresses—hopefully not too much time—the government will understand that competition, no matter where the money comes from, is healthy and that we should not be afraid of foreign competition, whether it is from the United States, Britain, Holland, Japan or wherever the money might come from. If it can assist our airline industry to be vibrant and to provide choice for consumers, that is the most important thing.

Canadians need to have choice. Canadians need to be able to decide what airlines they want to take. The services from Vancouver to Ottawa have been reduced. The number of direct flights have been reduced. I do not have a choice. Only Air Canada flies direct from Vancouver to Ottawa.

I think it is important that we have choice, that the Canadian flying public have choice. I urge the government to consider removing that barrier to increasing competition. Also, as I mentioned earlier in my debate, the government may want to look at assisting in the labour relations issues of the two companies which are now before Air Canada. Perhaps that is a legitimate role for government to play.

[*Translation*]

Mr. Michel Guimond (Beauport—Montmorency—Côte-de-Beaupré—Île-d'Orléans, BQ): Madam Speaker, I could begin my speech by congratulating the members of the Standing Committee on Transport for working many hours, just before the Christmas holiday. They heard many witnesses.

I could begin by congratulating the public servants at the Department of Transport for having worked hard on this bill.

I will not use that approach for the simple reason that we parliamentarians just did our job. People elected us through a democratic process. Personally, I was re-elected on June 2, 1997 to represent my constituents in parliament and to do the job of a parliamentarian. Part of that job is to pass bills. These bills must be reviewed in committee before finally being passed.

I do not want to boast about having worked hard. We just did our job. Transport Canada's officials just did their job.

I will begin my presentation by having a kind thought for the workers, for those in the airline industry who have been suffering for over 18 months. I am thinking in particular of the employees, pilots, flight attendants, ticket agents and maintenance people at InterCanadian. We are talking about more than 1,000 direct jobs.

Considering that governments, both federal and provincial ones, try to attract industries and create jobs—and I say this very objectively, because we want those whom we represent to have worthwhile jobs—we should have a kind thought for these 1,000 workers, and the members of their families, who lost their jobs. Over 600 of them were in Quebec and the rest in the maritime provinces.

• (1605)

My thoughts are with them and I am sorry that, with the restructuring that is going on, their company has not been able to stay in business.

I could also talk about the Air Montreal workers. This company had to suspend its operations lately. They were to resume on May 15, but it seems that the suspension will be much longer.

My thoughts also go out to Canadian International Airlines employees who have been under stress for years, worrying about the financial survival of their company. They have invested money in the company and they have accepted salary rollbacks to invest in their company and save jobs.

My thoughts go out to Air Canada employees also, who had their share of worries with the Onex takeover proposal. I remember that last fall, when I boarded a plane in Quebec or Montreal, they were wearing a stop Onex button. The situation was stressful for everybody.

I am tempted to say that this bill was expected, and I would add, without any hint of partisanship, that it is the reason why all parties in the House agree to dispose of it quickly.

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No party has tabled 930 or 430 motions in amendment this time, although such things can be done in a democracy. Even if we want to deal quickly with a bill, members of parliament have the right to move amendments. Everybody could see that, in this case, we were ready to move this bill swiftly through the House, and that is what we have done.

The Bloc Québécois has been asking the federal government since 1993 to stop subsidizing Canadian International Airlines at the expense of Air Canada, Quebec and Montreal.

After the elections held on October 25, 1993, the then leader of the Bloc Québécois, Lucien Bouchard, asked me to be transport critic for our party. I can remember some of the questions I put to Doug Young, the Minister of Transport at the time and now the newest member of the Canadian Alliance, who had a lobbying firm in Toronto and was making big bucks thanks to contracts he got from the Liberal government. I am sure business with the Liberals is not as good since he switched over to the Canadian Alliance.

In any case, Doug Young has not changed. I knew him and I am very glad to be able to call him by his name in this House because he got what he deserved. The people of Acadie—Bathurst got rid of him. The people not only in his old riding but throughout the country do not like anyone who is as arrogant or, as we say back home, “baveux”, as Doug Young was. He was both arrogant and insulting.

Just as arrogant was David Dingwall, who was also defeated. His Nova Scotia constituents sent him packing and now he is doing very well as a lobbyist in Ottawa.

I remember a question I put to Doug Young at the time, when I was criticizing the Liberal government for its lack of fairness in allocating international routes.

• (1610)

I asked the minister why Air Canada, which has its head office in Montreal, could not have access to the growing markets in Hong Kong and Japan. He told us that Canadian was experiencing financial difficulties and we had to help the company, which was normal since a lot of jobs were at stake. That answer was clearly aimed at winning votes. I said at the time and I will say again that, in 1993 and around that time, this government showed incompetence in allocating international routes and discriminated against Air Canada.

That is the reason why the position of the Bloc Québécois has been clear since 1993. Seven years later, we are finally getting what we were asking for. We, in the Bloc Québécois, were saying that Canada should have a flag bearing national carrier for international routes, just as Great Britain has British Airways, France has Air France, Greece has Olympic Airways, and I could name many more, except of course for Japan and the United States.

We were in agreement with having a national carrier and real competition on the Canadian domestic market, the trans-border market and the regional market. Seven years later, the bill before us is an answer to the position the Bloc Québécois has been advocating since 1993.

What we have been asking the federal government since 1993 was to act to put an end to the duopoly that forced regional travellers to pay extravagant prices for service that was totally inadequate. We demanded that the federal government be more open regarding the implementation of the Official Languages Act in air communications.

In August of last year, the federal government undertook to change the rules of the game to allow Onex and American Airlines to take over the two Canadian national carriers, without giving any guarantee about competition.

Here, I have to be critical of my colleague, the Minister of Transport. I recall very well that in August 1999, our party asked that the Standing Committee on Transport be called in as soon as possible, because of preoccupying allegations in the press.

Earlier today, the Minister of Transport showed aggressiveness in his comments about the media and editorials. The minister was drawn and quartered by the media, especially the English language media. The French language media refrained from commenting. I read those editorials and the minister was rather roundly criticised, so I understand that he may have wanted to get even with the anglophone media, in particular those of Toronto, especially as he is the minister responsible for that area. He seized the opportunity to get even with them.

Of course, it is no use to say “If the Minister had done this or if he had done that”, but in the case of this bill which is timely and the passing of which we do not want to delay, if the minister had been more responsive, if he had not listened to the government leader who refused, who played hide and seek with us, who did not want to call the Standing Committee on Transport because he knew that the House would be prorogued, that there was going to be a new speech from the throne, in other words if it had not been for all that hide and seek we were drawn into all summer long, I believe that the situation might have been solved much more rapidly. Who knows, InterCanadian might not have ceased operations on November 28 last. This has to be pointed out. That is where I must criticize the lax attitude of the federal government, especially the transport minister.

• (1615)

I must also tell the minister we know of his ties with his good friend Gerald Schwartz and Onex; the minister cannot deny that Onex president Gerald Schwartz is a generous contributor to the Liberal election fund.

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I blame the minister for trying, in the middle of the summer holidays, to pitch us a fast ball, as we would say back home. In baseball terms, he tried to pitch a curve ball outside the home plate, the empire called a strike for a third out in the ninth inning. However, things did not go as planned.

The opposition was keeping a close watch. The four opposition parties formed an ad hoc committee which met here, in the House of Commons. We told the government "You do not want to convene the transport committee, we will form our own committee". We heard witnesses with the co-operation of the four opposition parties.

The government House leader called it a masquerade, backroom or barroom discussions, but whatever it is called, it gives us an inkling of how he perceives democracy.

Again, if the Minister of Transport had managed to convince the government House leader to convene the committee as soon as possible during the summer, perhaps we would not be here today, on May 15, reviewing this important bill.

One of the points the Bloc Quebecois insisted on, and I believe it is in the bill, but I want to confirm it, was the respect of the 25% foreign ownership limit and the 10% limit on individual share ownership in Air Canada. We indicated to the transport minister that the increase of 10% to 15% of the limit on individual share ownership in Air Canada did not represent a major problem for our party.

In committee as well as through the amendments we put forward at report stage, the parliamentary action of the Bloc members has been to insist that a series of concrete provisions be included in the bill to protect the regions and the small carriers.

Moreover, we were in agreement with the commitment made by Air Canada on December 21 that no layoff would result from the merger between Air Canada and Canadian International. That is reflected in the bill. That is why we cannot criticize it. We insisted that no regional route be abandoned by Air Canada or its subsidiaries for the next three years.

This morning I talked about the consideration of bills. We are members from various political parties, with different interests, coming from different regions and, in my case, with a different language and culture. A bill is basically a tool of compromise. It is like the collective agreement signed at the end of the collective bargaining process, where labour and management have to determine the working conditions for the next three, four or five years. Ultimately, a compromise must be reached.

The compromise we have before us is not completely satisfactory to me. Many things in life may not be completely satisfactory; as much as I strive towards sainthood and would like to get canonized

as a saint at the end of my life on earth, I do not always behave accordingly. When I take stock of my life, I will say that it has not been fully and completely satisfactory.

• (1620)

There is one aspect where I would like the government to show a bit more open-mindedness, even if the minister has told this House that more restrictive measures had been adopted, and it is the enforcement of the Official Languages Act. I raise it again because this is the last opportunity I will have to do so in debate.

I would like the minister to know that the air transportation workers intend to pursue the issue with the Senate. Do not forget that Senator Joyal defended the air transportation workers 25 years ago, and it is very likely they would testify before the Committee.

I think that Air Canada could improve its record as far as the use of the French language is concerned. Once again, I call upon Air Canada president Milton. He is a serious, reasonable person. He is not an adventurer. I believe that he has displayed tact in the debate over the restructuring and merging of Canadian International and Air Canada. He has proven himself to be a good manager, and I would like to congratulate him on that.

I would like him to put his foot down and make a much stronger commitment to increasing the number of French-speaking employees in all groups of employment at Air Canada. This company, as well as others, is considered as a stronghold of Canadian unity.

We have seen Via Rail change its logo. Trains now have a great big maple leaf on the front. There is also a maple leaf on the tail of all Air Canada planes. This is to tell all Canadians "This is your country. Whether you speak French or English, wherever you live, this is your country". In principle that sounds fine and dandy, but I would like to see it applied in real life.

Among the 1,258 pilots at Canadian Airlines, is it normal or acceptable that, as of today, only 71 of them speak French? With francophones representing 24.8% of the overall population in Canada, is it normal or acceptable that only 17% of all Air Canada employees speak French? Is it normal or acceptable that only 15.8% of Air Canada pilots speak French?

Given all his power and business acumen, surely Mr. Milton can summon the vice-president of human resources and tell him "Look, with 24.8% of the population of Canada speaking French, since we now are a dominant national carrier, the tenth biggest company in the world, we must hire francophone workers". By the way, these French speaking employees are all bilingual. I do not think there is one French speaking employee at Air Canada who is not bilingual. We have to remember that we are talking about bilingual francophones.

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Such a commitment from Mr. Milton would give hope to young men and women who are currently studying at the CEGEP in Chicoutimi. Hon. members will probably wonder why I am suddenly talking about the CEGEP in Chicoutimi. Let me point out that the CEGEP in Chicoutimi is the only CEGEP to have a flying training school.

• (1625)

There are young people from every region in Quebec and even from elsewhere who come to the Chicoutimi CEGEP flying training school. It costs \$100,000 a year to train a pilot at the school. Is it normal and acceptable, considering the strong demand on the aviation market, that 22% of graduates from the Chicoutimi CEGEP flying training school do not succeed in finding a job as a pilot? There must be something wrong. I do not want to start saying things because people will send me letters, faxes or e-mails to tell me that I am crying murder and expressing that mistreated francophone feeling again.

It has nothing to do with that. It is a matter of respect. If people say to us francophones that they love us, as they certainly will three days before the next referendum, “we love you and we do not want to lose you”, like the theme of the Centennial campaign in 1967 that said “Canada, stand together; understand together”, then they should prove it.

I would like to add that I think Air Canada should make an effort to hire InterCanadian pilots who were laid off.

The Minister of Transport is listening carefully so I would like to ask him the following question: Does he know how many pilots of InterCanadian have been hired by Air Canada recently? There were many pilots. Of the 1,100 employees, I believe that there were between 325 and 400 pilots. Only three InterCanadian pilots were hired. Most of InterCanadian’s pilots were francophones. With a bit of good will, Air Canada could encourage the hiring of InterCanadian’s francophone pilots who are competent but presently out of work.

In terms of the Official Languages Act I would like, before concluding, to draw a comparison between the percentage of francophone employees at VIA Rail and the percentage of francophone employees at Canada Post.

VIA Rail is a transportation company that operates from Halifax to Vancouver—it provides rail transportation while the other one provides air transportation—and has to provide its service through the different provinces. Air Canada should know that the percentage of francophones at VIA Rail is 39.3%. VIA Rail is a crown corporation. Of course, the government has never heard us complaining that there were too many francophones at VIA Rail. Their percentage is 39.9% and at Canada Post it is 23.8%, which is

equitable proportionally speaking. When I say that francophones account for only 17% of employees at Air Canada, it shows there is room for improvement.

Let us have a look at complaints under the Official Languages Act. In 1998, there were three complaints against VIA Rail compared to 98 against Canada Post. The same year, there were 251 complaints against Air Canada. This shows that if the Official Languages Act were applied more rigorously to Air Canada, this carrier might be forced to abide by the act. There were three complaints against VIA Rail in 1998 compared to 251 against Air Canada. This is totally unacceptable.

• (1630)

Another aspect I would like to point out to the House is the merger of seniority lists. The minister, and we, as parliamentarians, may be powerless in this regard.

My colleague of the Canadian Alliance spoke about this earlier. I think there should be a little more good will or good faith among parties, and Air Canada management should show leadership and say “Wait a minute. Is it normal and acceptable that a Canadian Airlines International pilot with 22 years of experience should be placed at the bottom of the seniority list of Air Canada pilots?”

I would like to salute the determination of my friends, the regional pilots, mainly those of Air Alliance, now Air Nova, who believed for many years in the one employer theory. They thought in good faith that they could be included at their seniority rank on the list of Air Canada pilots.

Unfortunately, a decision was made, confirming the opposite. I greatly sympathize with regional pilots, especially those of Air Alliance and Air Nova, who thought it was legitimate for them to think they would fly other planes than a Dash-8 or a Beechcraft 1900, and I do not intend here to discredit the reliability of these aircraft.

I am not a pilot, but apparently, when you are a pilot, you expect to start flying small bush airplanes, then bigger aircraft and, perhaps, after 28, 30 or 32 years in your career, a Boeing 767 or 747 or an Airbus 330. It is perfectly legitimate for a young pilot to think about flying a bigger plane one day.

There is no way we can force those who chose to continue flying Beavers or Piper Aztecs to fly bigger planes, but I think that regional pilots simply wanted respect and recognition.

I call once again on the goodwill of the management of Air Canada to try to resolve this issue of the amalgamation of seniority lists. I call on the management of Air Canada and Mr. Milton to give serious thought to giving the new Bombardier regional jets, 50-seaters, to the unified regional carrier that will be born of the amalgamation of Air Ontario, Air British Columbia and Air Nova.

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Mr. Randell said before the committee that there would be a new amalgamated unit with a new name. I would like Air Canada management to give serious thought to allocating the RJs to Air Canada's regional pilots.

I realize that Bill C-26 will require Air Canada to provide independent regional carriers with the same services it provides its subsidiaries to enable them to serve the regions.

I also recognize, on behalf of my party, that this bill gives new powers to the competition commissioner and the Canadian Transport Agency to prevent Air Canada or any other carrier from using anti-competitive practices or from imposing unfair prices.

This is provided in the law, but we must keep an eye on how the dominant carrier will apply the law. We wanted an ombudsman, as the minister said, and the government responded by providing a complaints commissioner. Let us say that it is a borderline situation.

I would like to respond to one thing the minister said earlier in his speech. Perhaps this is the advantage of speaking after someone else: I can criticize what he said, but he cannot criticize what I say because there is no questions and comments period.

• (1635)

The minister said that an ombudsman was too bureaucratic and complicated a structure. I am disappointed in the minister. He went through all the problems of the armed forces when he was the Minister of National Defence, and the government's response to these numerous problems was to appoint André Marin as armed forces ombudsman, the person to whom soldiers could take their complaints. I have never heard members of the armed forces complaining about the bureaucracy of the ombudsman. On the contrary, he has a role to play.

If the minister had wished, he could have agreed to what all members of the committee, except the Liberal majority, agreed—the creation of an ombudsman. Once again, I do not wish to criticize for the sake of criticizing. I wish to be constructive. The minister has responded by creating a complaints commissioner. This is very interesting.

In passing, I wish to congratulate Air Canada on appointing an ombudsman. Air Canada's management probably knew that the committee was pushing for this. It is interesting to see that our concerns as parliamentarians were noted by the dominant carrier. Air Canada decided to appoint an ombudsman.

In conclusion, we will have to keep a close eye on how this legislation is actually enforced, on a daily basis. I repeat that the Bloc Québécois will be voting in favour of Bill C-26 at third reading, so that it can be passed quickly and real competition made

possible, so that small local and regional carriers are protected as quickly as possible.

We realize that we must pass this bill as quickly as possible, once again in order to protect the regions, regional users and companies with regional operations.

[English]

Ms. Bev Desjarlais (Churchill, NDP): Madam Speaker, it is inherent that at least someone takes the time to remind the House and Canadians why we are in the position today of dealing with legislation to address a monopoly air carrier in Canada. Quite frankly we got here as a direct result of deregulation within the air industry in Canada.

I agreed with numerous witnesses, as was done many times in the past when deregulation came up, that it was not the answer. I want to read a couple of statements made by some of those who appeared before committee. This one is from the Federation of Canadian Municipalities which stated:

When the air transportation system was deregulated in 1987, Canadians expected the introduction of new and special service operators to the marketplace, which would increase competition and bring better and less expensive services. . . by 1993 the industry was dominated by two major airlines competing for market share on every major route. This cutthroat competition undermined the financial stability of both airlines—

The Canadian Labour Congress stated:

The unregulated market has hurt Canada's two airlines without delivering efficiency or higher quality service.

They are two very different groups with the same perspective. All those great promises of deregulation just did not work.

Deregulation has been a public policy failure for consumers, shareholders and workers. The consequences of deregulation have been a crisis in 1992-93, in 1996, in 1999, and now in 2000. We are still dealing with it. We are dealing with layoffs, job insecurity. We saw poor working conditions, wage freezes and cuts, chronic overcapacity in the domestic market and massive cost increases. The overall cost of flying went up 76% since 1992. Gosh, we have to love that deregulation.

Ticket prices outpaced increases in the consumer price index even with seat sales factored in, declining levels of services particularly in small communities and poor investment returns for both the airlines. Competition at any cost without modern regulations was not the answer.

• (1640)

Deregulation was the root cause of the crisis in the airline industry. The solution could have been effective modern regula-

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tion, not overregulation and too many price controls, aimed at protecting the public interest and ensuring that Canada's airlines could coexist and compete effectively in the global market. Modern regulations could have seen a flexible approach and the use of government powers selectively to ensure that airlines compete fairly and live up to the public trust.

Profitable high traffic routes such as Toronto, Montreal and Ottawa will naturally attract competition among carriers. These routes do not need government regulation to ensure adequate service. The government needs to play the role of referee to ensure fair competition and prevent damaging anti-competitive behaviour such as the predatory pricing in excessive capacity.

On the other hand, low traffic routes between smaller communities are not guaranteed to attract service. In these cases effective regulations would have been essential because reasonable and affordable service is a social and economic necessity. The government has many tools at its disposal to address this point. Will the bill accomplish that? I do not think so.

Deregulation and unhealthy competition have led to the monopoly situation. What do we do to make sure the monopoly air carrier does not go crazy on us? What can we do? First, we need to recognize that the bill can only work in areas where it does not contravene the agreement made between Air Canada and the competition commissioner and okayed by the transport minister. In essence, it will not address all the difficulties and all the problems that numerous people have talked about and brought before committee.

The bill gives the force of law to Air Canada's commitment in this agreement. However, everybody has acknowledged that Air Canada has been acting irresponsibly and is worried sick over what Air Canada will do. Were there any efforts by the government or the official opposition party to put anything concrete in the bill? Heavens no. We do not want to interfere with the entrepreneurial spirit. We do not want to interfere with the opportunity for Air Canada to make a buck.

Meanwhile the comments made by my colleague from the alliance party shocked me. I think it is the first time she said it. I listened to her talk about protecting workers, protecting small communities and maintaining service, but she supported nothing in the legislation that would have done those things. I actually heard that colleague make a statement that will probably go down in Canada's history. She said that we have to deal with more than the economic issue. Quite frankly, I think she said it just for the sake of saying it because she wants to put it in a householder or a ten percenter that will head out west where they will lose a pile of jobs and where Canadian regional employees will not get the same benefits as other employees.

The bottom line is that Canada's airline industry is vital to the economic and social well-being of hundreds of communities across

Canada. That reality goes beyond the concerns of airline shareholders who focus mainly on the bottom line.

There certainly are some things in the bill with which I agree. There is no question. There is no question that we need to have legislation in place, especially in the situation with a monopoly carrier.

I have one area of concern with regard to new carriers coming into business. We extended the length of time that carriers would have to give notice. We okayed it as a committee to go to 120 days. There was concern that it would hinder new entrants. Nobody argued with the fact that we did not want to hinder new entrants. The NDP does not want to hinder new entrants coming in. We recognize that when we want to try out markets we need some time. The additional changes that went into the legislation now before us such as the 120 day extension to apply to new carriers is an excellent move. It will give some opportunity for competition.

● (1645)

I was pleased to see something happen in the area of an ombudsman; however, I am not thrilled with the fact that it is termed a temporary complaints commissioner. For the benefit of the minister, I have to admit that I am pleased the position will fall under the auspices of the Canadian Transportation Agency. However, I wonder about the credibility of how that person will be seen when it is termed a temporary complaints commissioner.

The complaints we were hearing were not minor little complaints; people had serious concerns about the way they were being treated within the airline industry in Canada. I do not consider them to be temporary little complaints. Quite frankly, it would be great if the complaints would end and we had a system that operated smoothly. My guess is that we will probably just leave it all to the monopoly carrier appointed ombudsman to look after all of the little complaints and we will shuffle them off.

The bottom line is that it would be great if it were operating so efficiently that the temporary airlines commissioner would not be needed. That would be wonderful. However, I am not convinced that the complaints will end, especially if the indication we have as to how things will operate is what Mr. Milton has been indicating.

My committee colleagues are great. To the benefit of them all, the majority of them spent a lot of time on committee matters. They listened to witnesses. They asked good questions of the witnesses. Quite frankly, the comments I heard from my colleagues were not the same as the bottom line that came down on paper. There were concerns about the labour issues, the ombudsman and price gouging. What was the final result? Let us give it six months and see if we need to review it.

There was this horrible person we have been dealing with. Let us face it, there is one thing we can credit Mr. Milton for. A survey was done a number of years ago that asked Canadians who they

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least trusted. Lawyers and politicians were at the top of the list. The only one who is probably least trusted now is Robert Milton, so we should give him credit for that at least. Through all the discussion on the airline merger he made promises that no workers would lose their jobs. I heard him promise Canadian Airlines employees that everything would come together and there would be a smooth transition. Everything would be done for them. What we have listened to is nothing but problems with Robert Milton.

What will we do with this legislation? We will hit him with a wet noodle. That is all this legislation will do to Robert Milton. If I am wrong, so be it. I hope I am. I hope and pray that something in this legislation, between the CTA and the Competition Bureau, will come together, but it does not appear that way.

We were worried about price gouging. Everybody complained. We heard of a situation on the Hamilton-Moncton route. It was just horrible what he had done. My goodness, the legislation is not even there yet. He does not even have the full rein and already he is doing these things. Will nobody bother to put in place something to stop him? We will wait six months and review it. That is disappointing.

I honestly had hoped that my colleague from Winnipeg—Transcona would be around to hear this. Prior to question period we were having a discussion on some of the amendments, one of which concerned the 25% foreign ownership limit. We agreed that we did not want to delay the bill. We were not necessarily happy as a caucus allowing things to pass on division, but we accepted the reasonableness. We did not want to delay the bill. We want to get things moving.

My colleague from Winnipeg—Transcona said that the Minister of Transport really is committed to the 25% foreign ownership limit. The minister stood here and said that absolutely we are not going to increase it. Had my colleague from Winnipeg—Transcona been able just a short while after question period to listen to the minister's comments, he would have heard him say that if we do not get competition we will raise it. It did not take all of two hours before it happened.

● (1650)

I am not convinced that there is a real commitment not to raise the foreign ownership regulation. Again, this would be one of those times when I would be happy to say "This is great. It worked. It is not going to happen", but I am not totally convinced.

It is important to note the things that are not in the legislation. As I mentioned, the legislation deals only with particular things and not necessarily everything that came up as a concern. The committee heard the concerns of the labour force. The legislation was not able to address any of the labour related issues. The legislation does not deal with how to bring the two working groups together. Again, we had thought that Mr. Milton would be very magnanimous. Quite frankly, we know that is not the case. I would hope that

we would go beyond all the talk in committee and make sure that something is put in place so that we see the swift resolve of the labour issues. Otherwise we will be dealing with an airline industry in constant crisis.

If the labour issue is related to seniority, which everyone recognizes is the key issue to be dealt with, that is not being dealt with. Even if agreements have been reached, the issue of seniority has not been dealt with. It will be left to negotiations a couple of years down the road. As far as I am concerned, that does not address the problem, which is a result of this legislation and a result of a monopoly. It is being delayed for someone else. That is what is happening with that issue.

I would hope that we could assure the employees of Canadian Airlines and Air Canada, and any others who might be affected, that if there are issues as a result of this merger they will be given consideration and that there are persons within the Canadian Industrial Relations Board designated to deal with this swiftly so that it does not become a continuing crisis in the airline industry.

There is nothing in the bill to address the very serious issue related to this monopoly carrier and the merger; that is, the issue related to employees. None of us wanted to see either side, whether it be Canadian Airlines or Air Canada, lose out. I would hope that no one on the committee saw one side or the other as having enough, even though Air Canada ended up being the owner. I would hope no one saw that. It certainly was not what was indicated to us by Mr. Milton or any other parties involved. There was an acceptance that these two companies would come together and the workers would be protected on equal terms.

I do not think the bill gives protection to small and medium size communities. There will be rules in place for a couple of years, which could be extended, but I do not plan to leave my small community in three years. I do not know how many other Canadians do. There are a lot of Canadians who want to know that they will have service for quite a long time. They want there to be some obligation for a carrier which is given a monopoly route, or other companies which have advantages to fly within Canada, to provide services to those communities. The bill certainly falls short of doing that.

The other area which is notably missing concerns a passengers bill of rights. I recognize that falls outside the scope of the bill and would probably be best dealt with another way, but I want to make a point of mentioning it because it was an issue put forward by witnesses at committee on numerous occasions. The key players in our airline industry, the passengers, are the forgotten ones. It is like the airlines are saying "We just want your money. Go ahead and complain, but we do not necessarily want you to have the right to some of these things".

The key things which passengers had concerns about were flights being cancelled without notice; people getting to the airport

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only to find they were on a totally different plane; or getting on the plane after waiting an hour, perhaps due to a delay, which we can all accept happens due to mechanical reasons or the weather. Passengers can accept that, but they want to know as soon as possible how long the delay will be and when they will be able to get going. Often they want to know what the delay is for, for their own comfort.

• (1655)

How many times have members of the House boarded a plane after waiting an hour or an hour and a half and no sooner does the plane back away from the gate we are left waiting another hour on the tarmac? We are hostages on the plane. We cannot go back. That is a serious concern for passengers. Those are just some of the issues that come up.

Even though it seems as if this should be something we could deal with in the bill, I want Canadians to know that I recognize it is outside the scope of the bill. We have had discussions with the people who wrote the legislation. We have to look at other ways of addressing those concerns and go at it from a different angle.

We should have ensured that there would be protection for all regions of Canada and that service would be provided. I am not convinced that will happen. Again, this may play out one way or the other in the end.

I felt that Air Canada having to divest itself of Canadian Regional was not a good thing. I know that in a lot of those smaller and medium size communities Canadian Regional was often the other carrier, but Canadian Regional was often the only jet. I am not convinced that any carrier buying in will be able to continue service. I am greatly concerned that those communities will have no jet service.

The Minister of Transport reflected on the fact that small and medium size communities do not have the best choice of service. He mentioned the Churchill area. I would hate to think that air carriers in my riding are giving the perception that there is no service.

I live in Thompson and I know that we have better opportunities than some other areas. We are one of the larger centres in the Churchill riding. The carriers that go into that area, Canadian and Conair, as well as a lot of smaller carriers, have been excellent. Those carriers are not making huge profits. I would not want to risk that service simply because something cannot be worked out with another carrier.

On that note I will end. Again, I am not convinced that the bill will do the job.

Mr. Stan Dromisky (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, the member for Churchill has made

a very thought provoking presentation. There is no doubt that we could continue for a very lengthy period of time helping her to have a better understanding of many of the issues she presented.

For the clarification of the listening public, there are a lot of problems that we have to deal with in this transition period. We have a major airline dealing with over 2,000 flights per day. Naturally, it will meet and have to deal with a great number of problems.

The latest news is that there was a 30% jump in the number of people travelling by air in the month of April. That kind of sudden increase or surge in the number of passengers normally happens in June, which is another problem that this new dominant carrier has to deal with.

It is really puzzling. We have a representative in the House of Commons who strongly believes in supporting the labour factor in our country. The government, with its agencies, did everything in its power and did the right things to save 16,000 jobs at one of the major carriers, but not once has a word been mentioned about the salvation of those jobs by the measures which this government implemented.

• (1700)

Ms. Bev Desjarlais: Mr. Speaker, I do not think there is any question that jobs were not supposed to be lost. Promises were made that no jobs would be lost. Nobody would lose their job for two years. Everything would be hunky dory. However, we have not seen this all play out yet. If they do not lose their jobs that is great.

I also want to point out that had there been some regulation in the area of capacity some time ago, we would not have gone through crisis after crisis in the airline industry. It happened because we were afraid of the word regulation.

I will be the first to admit that nobody wants over-regulation. We recognize that we have capacity regulations on international routes. We have a very profitable international service. Why would we not think that by having some regulation in the area of capacity we would not have saved these jobs anyway? The hon. member will have to forgive me for not thanking him for saving the jobs that would probably have been lost as a direct result of the deregulation that the government put in place.

Mr. Bill Casey (Cumberland—Colchester, PC): Mr. Speaker, I want to say that this has been ongoing now for some months. I really feel fortunate to have been involved with this because it has been an extremely interesting process.

We were thrown into the middle of this airline merger when Canadian Airlines was presented a proposal to be bought out and

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then merged with another airline. It was an interesting process and we met some incredibly interesting people. We dealt with some complex issues. As a committee we went into the process truly amateurs with very little knowledge about the background of the industry, the participants or the issues. However, we were educated by dozens and dozens of people from corporations and groups who made presentations to our committee. Every presentation was beneficial and taught us something. By the time the committee process was done we actually had a pretty good handle on it. We were able to participate and add something to the debate and to the legislation.

The dynamics of the committee were really interesting in that I do not think I have ever been on a committee where, although there was some partisanship, everybody took a sincere interest in trying to find answers to the problems. The government committee members were just as aggressive as anybody in grilling the witnesses. The chair was certainly aggressive in his treatment of the issue. He knew what he was talking about. He took the time to understand it.

Although the member for Hamilton West is very humble and would be embarrassed to hear me say this, he actually did a good job in running the committee. I do not think we could call him a good friend to anyone on the committee, but he ran the committee hard. He kept it focused, on track and did a good job, which is what the chairman is supposed to do.

I will take a little interpretive licence here. The minister was caught off guard when this whole issue unfolded and evolved before his very eyes. A lot of us were watching to see how he would handle it and to see if he could find a way out of the mess that really was not of his doing. He had limited tools to work with because there are only certain things the government, a minister or the department can do. If the companies at the centre of this issue were not prepared to invest money or make these decisions, and if the shareholders would not back up the decisions, then the minister was limited in what he could do. It was interesting to watch those dynamics.

It was interesting to meet Kevin Benson, Robert Milton and even Gerry Schwartz who came before the committee. They all did a great job considering that their job was to represent their shareholders. Their job was not to represent the public interest. That was our job. I learned a lot from each and every one of them. I will never forget the experience as we went through this process.

We had a puzzle to deal with, at least I found it to be a puzzle. Where does the Canadian Transportation Agency fit? Where does the Transportation Safety Board fit? Where does the Department of Transport fit? Where does the Competition Bureau fit? We had to learn about all these issues and try to fit each one into a slot where they could be effective and produce the desired results. Of course, there were surprises because every day something would change. It was almost like the politics in our party, it changes every day.

• (1705)

Mr. Rick Borotsik: Always for the better.

Mr. Bill Casey: Absolutely always for the better. There is still ongoing changes. There are some fundamentally profound changes even as we speak.

If I remember correctly, just a short time ago both Air Canada and the minister were opposed to the idea of an ombudsman. Now the minister has come back with a very strong ombudsman, a complaints commissioner, which, in my interpretation of it, has teeth. Last week Air Canada announced it was going to have an ombudsman. Two weeks ago it wrote me saying that it was not in favour of that. We can see how this whole process is still changing as we speak and will continue to change as problems develop and challenges arise.

There is no question that we are in a transition period which has caused a lot of problems for consumers and for all of us when we travel. I understand that we are in a transition. I know that the Air Canada and Canadian Airlines merger is faced with problems. I can only imagine the problems Air Canada has to deal with in trying to reorganize and reschedule 2,000 flights a day, negotiate contracts with its unions, negotiate the sale of the Canadian regionals, arrange for all new schedules and accommodate the communities and politicians.

There is no question that Air Canada has underestimated the impact this would have on consumers. I think it is getting that message very clearly, as evidenced by the announcement late last week that it was going to establish an ombudsman in addition to the Canadian Transportation Agency complaints commissioner.

We have all seen and heard about the overbooking, the delays in scheduling, the line-ups and all that sort of thing. We have all experienced them ourselves. I am hopeful that these are transition issues that will soon be resolved. I believe Air Canada has the will to resolve them.

Our job, the minister's job and the department's job, was to come up with legislation to manage this merger even though we could not really tell the shareholders of Air Canada or Canadian Airlines what they had to do. We could not tell them to invest money here. We could not tell them to do certain things, nor could the Department of Transport.

I believe this bill is the best reflection of what we can do. We have all had a crack at making amendments in order to improve or change it. It is not exactly what I wanted but overall it is not a bad compromise. I think we have all had a chance to influence it. Even

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then, it has to remain flexible because of the ongoing changes and the fact that it is a work in progress that will continue to change.

The Conservative Party's view is that the government's role should be to create an atmosphere that will encourage competition and encourage the incredible entrepreneurial instinct that we saw at committee from so many people who were anxious to get into aviation business and expand it. If there was one thing that surprised me, it was the number of small aviation companies in Canada that wanted to become big ones. Our job was to create an atmosphere where they could develop and grow and not be squashed by the dominant carrier before they even had chance to start. I think we have done that. We have given the appropriate agencies the power to protect those new companies and the existing companies in expanding into new routes and regions.

At the same time as encouraging competition and the entrepreneurs in the industry, we also had to protect consumers. Consumers have no protection if they have no place to go. If the line-up is too long and the dominant carrier does not want to do anything about it, too bad. If there is overbooking and the dominant carrier does not want to do anything about it, too bad. We cannot go to plan B or another airline until some of those smaller airlines are big enough to really present themselves as competitors. So, we have this legislation.

I believe the job of the government—and the committee saw it as a responsibility—is to create protection for consumers. We have done that. A dominant carrier left unleashed could do a lot of damage to consumers, competitors and regional airports if it wanted to. Without the legislation that we have before us today, a lot of the things we have come to take for granted in the aviation industry would be trampled and disappear very quickly.

• (1710)

Even the travel agents who made presentations to our committee made a good case in pointing out how powerful the dominant carrier is. They sell something like 80% of the tickets. If there is only one airline, that airline could determine how it will treat the independent travel agents. We have addressed that in the bill and it is a good way to address it. Their problems and concerns have been met and they will find themselves in a good position to deal with many of their issues. They have to do it but we have given them the infrastructure and the tools to get there.

One concern I had, coming from the Atlantic region, was the future of small regional airports. We have a convergence of two government policies. One is the divestiture process and the other is the merger process of the airlines. They have come together to create some problems for small airports.

Some of the smaller regional airports have an extremely hard time making ends meet simply because they do not have access to

alternative revenues. The major airports with hundreds of thousands or millions of passengers travelling through the airports every year can have all kinds of alternative sources for revenue, such as liquor stores, lobster shops, rent-a-cars, you name it. They can have an entire business community and shopping mall with a captive market. The small airports with 200,000 passengers or less do not have the traffic to sustain those shops and businesses that would generate alternative revenue.

Regional airports are already having a hard time making ends meet. What will happen when we merge the airlines and the number of flights are reduced? The smaller airports depend entirely on landing fees and terminal fees for their revenue. They were having a hard time even with revenues from two airlines. When the two airlines merged, the number of flights in some airports were reduced dramatically and their revenue was reduced dramatically.

We have the divestiture process, where the airports were turned over to the communities, and we have the merger process which has made their situation even more difficult. I believe the Department of Transport and the minister at committee acknowledged that smaller airports were having a hard time making ends meet and that this problem would have to be revisited.

Our challenge was to arrive at a balance between regulation or re-regulation and private enterprise and protecting consumers. I think we have done that with a minimum of re-regulation and a maximum of flexibility in the system.

The Canadian Transportation Agency, the minister and the department have put some flexibility into the situation so that we can address the work in progress as it unfolds and as we get more surprises, which we will continue to get. I believe we have the right balance and I am well pleased with it.

As new issues come up, these departments have to be able to address them. By locking them in too tightly and not knowing what the future holds would be a mistake at this time because we are all still learning and it is an evolving situation.

I am also quite excited about competition. From my view I see a lot of exciting competition in the business. I do not think Air Canada will have a cakewalk. I think it will face competition faster than it thinks, faster from the chartered airlines, the WestJets, the CanJets that will be starting up and the smaller airlines that are already in the planning stages. There may be start-ups that we do not even know about it yet.

I believe there will be competition, especially on the main lines. The challenge will be on the regional routes and the feeder routes. Even on those, I believe competition will filter down and Air Canada will have more competition than it has bargained for. Eventually I do not think it will have the monopoly that it thought it would have or that some of us thought in the beginning it would have.

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I sense a tremendous entrepreneurial spirit out there that is anxious to get into the business, to take a crack at this and to provide service to the regions and the main lines. This looks very promising to me.

• (1715)

One of the controls the dominant carrier will have is access, access to airports, access to slots, access to counters and things like that. That had to be addressed because it is definitely a problem which already has raised its ugly head since the airline merger. Some new airlines have been stalled, delayed or redirected because the dominant carrier perhaps used more powers than it should have. We have put protection for that into the legislation. We have also put into the legislation new powers for the Competition Bureau and the Canadian Transportation Agency. All of these issues can be dealt with on an ongoing basis.

Recently Air Canada lowered its rates; as soon as WestJet started flying from Moncton to Hamilton, Air Canada reduced its rates from Moncton to Toronto. Right away the process was put in place to object to that. Hopefully that will be resolved in a satisfactory way for everybody. We could not outline every single possible permutation and combination in the initial legislation. The flexibility is there to adapt as things change.

We have come up with many avenues for consumers to file complaints. I do not recall the exact number but the Canadian Transportation Agency had something like 70 or 80 complaints last year. My office has received 70 or 80 complaints in the last month, so there is something wrong with the access people have to complain about airline service.

If the minister's complaint commissioner under the CTA is well publicized and if people are made aware of the process, that will be the answer. People need access to a complaint system and a conflict resolution system and that will be the complaints commissioner.

Also Air Canada has committed to establishing an ombudsman and working with members and the public to make sure it deals with the complaints as fast as it can. In my experience, when there is a complaint at the senior level at least, it is dealt with and the problem is solved in a sincere manner. However, when there is a 1-800 line with 10 recordings and people have to push two for this and four for that, they get so frustrated they do not file a complaint. I am confident that will be resolved and people will have a way to make sure their complaints are filed.

Consumers have the CTA. The transport department will deal with certain issues. There is the complaints commissioner, the Air Canada ombudsman and the Competition Bureau. Among those avenues surely consumer complaints will be dealt with in a timely fashion. If not, we can bring this back to committee and take another crack at it. I do believe consumers now will have the tools they need to work with.

As far as ownership rules go, I agree with the legislation. In the former legislation the maximum amount of Air Canada that could be held was 10%. The committee recommended 20%. I recommended 15% and the minister went with my recommendation, for which I am honoured and flattered. He did go with 15% which is a good compromise and a balance that satisfies most everybody.

The foreign ownership limit is to remain at 25%. Again, flexibility is built into the system. If things change and evolve and if change is necessary, there is flexibility for the minister and the government to change the 25% maximum foreign ownership. That is appropriate. It should not be locked in at any amount. The flexibility should be there and as things change, it can be addressed.

In all, the Conservative Party will be supporting the bill. We are grateful for the opportunity to participate in it actually. It has been a very interesting experience for me. I very much appreciate the opportunities I have had to meet the people involved and hear the problems and issues.

I believe we have come up with a balance for consumer protection and incentives for competition to provide the entrepreneurial instinct with lots of nourishment. Certainly things will continue to evolve and we will continue to have to adapt but all in all, it is a fair resolution considering we do not have all the tools. The minister and the department probably do not have all the tools they would like to have to control this.

The bill provides a guideline for the companies involved to follow. It also provides penalties if they do not follow the rules. It provides lots of rules which the airline industry has to follow to protect consumers.

• (1720)

I appreciated being at the committee on this issue. It was extremely interesting, very industrious, serious and focused. We will be voting in favour of this bill as it stands.

Mr. Derrek Konrad (Prince Albert, Canadian Alliance): Madam Speaker, the member and members of the committee seemed to put a lot of confidence in the airline ombudsman who will deal with the difficulties and questions that arise as a result of the consolidation that has taken place in the airline industry in Canada.

A while back the official opposition tried to institute another ombudsman, the first nations ombudsman, to try to bring some accountability to first nations undertakings. The House deemed that such an officer would not really be effective or necessary in relation to aboriginal affairs.

I note that the office of ombudsman for the airlines was not a creation of the airline executives or I am sure we never would have

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had it. Yet the minister of Indian affairs seems to think it has to be the chiefs who create an office of ombudsman if ever there were to be such a thing with Indian affairs. It occurred to me that there was quite a bit of hypocrisy evident in such a position.

Moving on, I would like my hon. colleague's comments on another aspect of competition. It concerns not prices, not frequency or anything like that but that little word innovation which often comes to light when people are in competition with one another. In other words, how can we attract customers? How can we best serve customers? How can we make things happen?

One of the things I was interested in as a business traveller was that Canadian Airlines made provision for computer plug-ins. It seems a small thing but when we are on a long flight and we want to do some work we end up doing work somewhere between Toronto and Winnipeg. That is not necessarily the full extent of a lot of our trips. That is just one small example of innovation.

Despite the Competition Act, I wonder what my hon. colleague thinks is now going to drive innovation. We know that business class subsidizes seat sales and will continue to do so, but how is that going to work with respect to innovation in airline travel? Will we see many changes in the future or are we going to be stuck with what we have?

Mr. Bill Casey: Madam Speaker, I appreciate the intervention. There are going to be two ombudsmen. One is the Canadian Transportation Agency's complaints commissioner. That is a unique position because he has the power to demand documents, demand testimony and hear witnesses. It is almost a quasi-judicial body. He has the power to get the information which is probably more than most ombudsmen have. He also has the power to make his reports public. He will report to parliament through the minister and he also has the ability to go public.

In this case the airlines are consumer driven companies. Bad PR from an ombudsman is not something they will want to get. If the ombudsman is successful and effective and he makes a report in the media that an airline is not doing something right, I am of the opinion the airline will act very fast to correct it.

Air Canada announced last week that it is going to establish its own ombudsman. I believe it is going to try to intervene even before consumers get to the official government complaints commissioner. It is going to try to get the complaints first so it can deal with them. I am confident that one or other of those programs is going to work.

• (1725)

I believe we are going to see more innovation than ever. The best example is WestJet, one of the newcomers to the industry. WestJet has an innovative pay plan. It has innovative policies as far as its

employees are concerned. It has a uniform airplane plan which is simple but really works. This makes WestJet one of the most profitable airlines in North America based on its capacity.

Instead of having two giant airlines that are struggling, we are going to have many smaller airlines doing exactly what the member is asking about. They will be using their entrepreneurial instincts to innovate, to come up with new ideas and ways to get a market share from the dominant carrier. We are going to see a lot more innovation than we ever did before. I am optimistic that the small companies and entrepreneurs are going to come alive under this umbrella.

Mr. Rick Borotsik (Brandon—Souris, PC): Madam Speaker, my colleague from Cumberland—Colchester spoke very eloquently to the legislation, almost to the point that I did not know whether he was sitting on this side of the House or the other side. He is taking a lot of credit from the committee's perspective and I really appreciate that. I not only appreciate it but I have a lot of good things to say about the competency of my colleague and I will follow his lead on this issue.

I have one question on something which was not touched on during his speech but may well have been touched on at committee. I am talking about cabotage. The minister talked about it. There is a possibility that cabotage may well drive the necessary competition to ensure that airlines treat their customers properly and fairly with respect to airfares and service.

Could my colleague tell me if cabotage was discussed? That would be reciprocal cabotage, not only cabotage within Canada with American airlines but reciprocal cabotage with Canadian airlines being able to service multiple points in the United States. Was that ever discussed? Was it ever an option? It is obviously not in the legislation. Could it be put in the legislation at a future date if the ombudsman as well as other areas of control do not work?

Mr. Bill Casey: Madam Speaker, I often wonder what side of the House I am sitting on too, because last week the media had me over on that side for about three or four days and then they had me over here for a few days. Now I am back over there for a day or two but I am not going anywhere because I like it right here.

The member's question about cabotage is a good one. Cabotage is a control a government has to prevent other airlines from operating in its country. It is a common regulation. Countries do not allow airlines from other countries to operate in their countries. It is a kind of tariff. I would not support Canada lowering its tariffs on our airline industry without other countries reciprocating and allowing us access to their markets as well. I would not support lowering tariffs for Americans to ship products into Canada if we could not ship exactly the same product into the U.S. My point is that I do not think we should allow cabotage unless it is reciprocal.

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We should not do that yet because from what I have seen, I believe there is a tremendous entrepreneurial instinct and effort in Canada in the aviation industry. It is extremely exhilarating and exciting when I listen to the new aviation companies that are on the frontier of the whole industry. They are exciting and aggressive people who are anxious to compete.

Let us see how good Canadians do before we start talking about cabotage. I would not consider cabotage unless it was reciprocal.

Mr. John Herron (Fundy—Royal, PC): Madam Speaker, I would like to point out today the effort that has been made by a number of critics, in particular our member for Cumberland—Colchester. He has proven that he does his homework on behalf of his constituents and on behalf of our party. He is the best transport critic on the hill.

I would also like to point out that the Minister of Transport has been here all day listening to the debate. That is a testament of how all ministers should treat bills when they are brought forth in the House.

• (1730)

Mr. Bill Casey: Madam Speaker, I will comment on the job that I do. I enjoy my job. I hope to keep it for a little while longer. This has been a very interesting process. The committee was excellent and it was a learning curve for all of us. I appreciated the chance to participate.

The Acting Speaker (Ms. Thibeault): The hon. member for Souris—Moose Mountain on debate.

Hon. David M. Collenette: Madam Speaker, I rise on a point of order. I understand there have been consultations among the parties for one speaker per party. Therefore it would take consent to open the debate. I know there is another bill to be called this afternoon and therefore I would ask that we put the question on third reading.

The Acting Speaker (Ms. Thibeault): The Chair is not aware of any understanding to that effect. I feel that I have no choice but to recognize a member who wants to speak to the particular bill.

Mr. Roy Bailey: Madam Speaker, I was not too well informed in that regard. If indeed that is the case, I will not submit to speak.

Hon. David M. Collenette: Madam Speaker, I regret that the Chair was not informed of this arrangement between the parties. I have no problem hearing my friend from the other side in the Reform Party, but then other members may wish to speak and that will upset the apple cart, so to speak, at this late stage.

The Acting Speaker (Ms. Thibeault): I have to give the hon. minister the same answer. Nothing about an agreement to that

effect has been discussed in the House today. Therefore the only thing I can do is to recognize the hon. member.

Mr. John Herron: Madam Speaker, I rise on a point of order. Perhaps we could ask for unanimous consent of the House to deem third reading complete at this point. If there was an understanding to that effect, the House does have the capacity to control its own destiny on that point. I would ask you, Madam Speaker, to ask the House for its unanimous consent for third reading to be completed.

The Acting Speaker (Ms. Thibeault): My answer has to be the same at this point. I have to recognize any member who wants to speak to the particular bill.

Mr. Stan Dromisky: Madam Speaker, I rise on the same point of order. I was the one who went around to all transportation critics and we did come up with the understanding that there would be one member from each party represented in the House speaking to the bill today.

I apologize if the message did not get to you, Madam Speaker, in particular. I thought that message would be passed on.

The Acting Speaker (Ms. Thibeault): At this point I will ask the hon. member for Souris—Moose Mountain if he still wants to speak or if he would be in agreement to proceed.

Mr. Roy Bailey: Madam Speaker, I rise on a point of order. I wish to agree with the hon. gentleman. I was not aware that we were clear cut in this regard. I had a five minute point that I wanted to make. However, if it is the wish of the House, that does not bother me at all and I will agree not to speak.

The Acting Speaker (Ms. Thibeault): It is the choice of the hon. member not to speak at this point. Therefore, is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Thibeault): The question is on the motion. Is it the pleasure of the House to adopt the motion?

• (1735)

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Thibeault): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Ms. Thibeault): All those opposed will please say nay.

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Some hon. members: Nay.

The Acting Speaker (Ms. Thibeault): In my opinion the yeas have it.

Some hon. members: On division.

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

* * *

SPECIES AT RISK ACT

The House resumed from May 11 consideration of the motion that Bill C-33, an act respecting the protection of wildlife species at risk in Canada, be read the second time and referred to a committee.

Mr. Rahim Jaffer (Edmonton—Strathcona, Canadian Alliance): Madam Speaker, it gives me great pleasure today to speak to Bill C-33, an act respecting the protection of wildlife species at risk in Canada.

I must say that when I first heard that legislation dealing with species at risk was to be tabled in the House, I thought that it was a particular bill aimed at protecting hon. members on the government side. With the creation of the new Canadian Alliance, the real species at risk in this place will be Liberal members of the House. Of course I was later told that it was actually to protect species at risk concerning wildlife, so I was happy to modify my speech slightly to be able to deal with that.

The Canadian Alliance knows that all Canadians care about protecting species at risk and indeed about protecting and preserving the environment as a whole. A majority of Canadians agree that the fragile balance of our ecosystems must be protected and preserved.

Today I want to talk about the path to protecting species at risk. In doing so I should like to focus my discussion on what caring for species at risk should look like, because there are different views held by many Canadians on how this can best be achieved.

In my remarks today I will address the deficiencies which the Canadian Alliance sees within the government's approach in Bill C-33, as well as some of the measures we support. In doing so I will highlight the credibility gap from which the Liberals suffer on protecting species at risk. I will also outline some of the Canadian Alliance solutions for protecting species at risk and demonstrate how our plan to protect species at risk is balanced and accommodating, as well as practical and workable.

The purposes of Bill C-33 are the following: to prevent species indigenous to Canada from becoming exterminated or extinct, to

provide for the recovery of endangered species, and to encourage the management of other species from becoming extinct. These are noble and worthwhile objectives, but they are ones which the Canadian Alliance supports just as most Canadians do.

I have already mentioned how much Canadians care about protecting species at risk. Recent polling confirms this point. However we know that simply caring is not enough. We know this from other life experiences as well. Let us consider how loving parents show their care and love for a sick child. There is no substitute for proper medical care. In a similar way, simply loving our unspoiled wilderness and indigenous species is no substitute for a workable plan to ensure the preservation of the environment.

I believe it is important to emphasize from the outset that on the issue of protecting species at risk there is a number of very concerned and caring stakeholders who, although they may come from very different perspectives, are equally concerned for the environment.

This issue should not be about which individuals or groups care more about protecting and preserving species and their habitats. Rather, it should be about how various stakeholders, landowners, conservation groups, governments, and the public at large can work together to express their care for species at risk through co-operative efforts in a way that will allow for species and their habitats to truly be protected.

What is the role of government? It is to build bridges rather than walls between stakeholders.

● (1740)

The role of government in protecting species at risk is a very important one. I must say that I believe the role of government fundamentally is to empower stakeholders to work together. Within the next few minutes I will discuss how I believe this can happen.

However, first let me say what I believe the role of government is not. It is not to wield power over stakeholders. Government is only one of many stakeholders and we must not lose sight of this fact throughout the debate. The House would do well to recognize that the vast amount of resources, knowledge, energy and will to protect species at risk actually lies outside the government within and among stakeholders, landowners, scientists, conservationists and the public. Regrettably, I believe that the government and the minister have seriously confused what their real role should be in creating a workable plan to protect species at risk.

The government has not yet realized that its real role is to build bridges between stakeholders, not walls. This is the real task of government on the issue of species at risk, one which the government has left undone. In the species at risk act the Liberals have introduced a piece of legislation that will do more to polarize and

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divide stakeholders rather than to bring them together. In the next few minutes I will expand on a number of problematic areas the Canadian Alliance sees with the species at risk act and what our solutions to these problems are.

First I should like to turn the attention of members to the most critical element that must appear within any workable species at risk legislation which the government has virtually ignored. What should our caring for species at risk look like? Why is respect for property rights central to this legislation?

I affirm that the Canadian Alliance is committed to protecting and preserving Canada's natural environment and endangered species and to sustainable development of our abundant natural resources for the use of current and future generations. Furthermore, we maintain that for any endangered species legislation to be effective it must respect the fundamental rights of private property owners.

We believe that any action plan to protect species at risk must be based on respect for the species who inhabit our waters and lands and respect for those who own those waters and lands. I will return to this point in a moment when I highlight the major flaws within the legislation.

The problem of enabling legislation to protect species at risk is that in recent days we have been hearing common complaints on a number of bills about a disturbing trend in the way the government is enacting legislation. I am referring to the kinds of enabling legislation the government has become known for introducing. It is the kind of legislation that allows for regulations to be developed after legislation has been passed.

The problem is that these regulations are never scrutinized by members of parliament or by committees. Instead, it is a way for the government to slip an agenda through the back door. This kind of approach to legislation is a disgrace to democracy because issues that ought to be dealt with and which could be improved are never properly dealt with. Yet this is exactly the approach which has been taken within the legislation.

The framework for recovery and action plans are outlined along with the broad and sweeping powers the federal government will have to protect endangered species or habitat throughout subsequent order in council regulations. The real nuts and bolts will appear only after the legislation has been passed. Subsection 1(4) reads:

The Governor in Council may, on the recommendation of the Minister, . . . make regulations defining any term or expression for the purpose of this Act or the regulations—

How is the House to know what we are passing when the government essentially has a blank slate upon which to write in whatever it wants after the fact?

A second issue is that of compensation. The implications of this style of legislation and governance are becoming increasingly more troublesome, particularly in dealing with such fundamental issues as property rights to which I alluded a few moments ago.

• (1745)

It is painfully obvious that the government has missed this point altogether. How is this obvious? This government has devoted only minor sections of the entire bill to issues of utmost importance to landowners, namely, compensation for land expropriated for the purpose of species or habitat protection or recovery and voluntary stewardship initiatives.

The minister has offered no clear formula for compensation within this bill. Compensation, like the majority of other important issues in the bill, will be dealt with through order in council regulations following its passage, as I just mentioned.

The minister has tried to pretend that he is dealing with the issue by appointing a distinguished resource economics expert to provide advice regarding compensation for affected landowners. Still the minister refuses to recognize the centrality of this one issue to the success of any species at risk legislation. The minister fails to see that compensation for expropriated land, if not at fair market value, is simply not fair.

If the minister would only set out the above principle within the legislation, the appointment of this resource economist would probably be largely unnecessary. Furthermore, if the government would commit to a fair market value principle this legislation would most likely enjoy the support of a majority of landowners. Instead, by stubbornly ignoring the rights of property owners, the minister has isolated an entire group of stakeholders.

On this point it was interesting to hear the minister's view on the issue the other day when the parliamentary secretary spoke to the bill. She stated:

Where the federal safety net is used to protect critical habitat on private land there will be provisions to compensate for unexpected losses caused by unforeseen restrictions on the normal use of that land. The compensation provisions, however, will not create perverse incentives to inhibit voluntary habitat protection measures in hopes of receiving future compensation.

What kind of government would make this kind of outrageous statement? What is so perverse is that a government would show this much disdain for the property rights of Canadians; that a government would show this much disrespect for landowners, who are already committed as stewards of their lands and whose families have in many cases been stewards of the lands for decades and even centuries, in many cases before the birth of Canada or the provinces.

Landowners have no intention of lining up at the cash register, as the minister said so arrogantly a few months ago. Does the minister

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really think that is what landowners want? On the contrary, landowners want nothing more than to continue to own, use and care for their lands. It is this government that is creating perverse disincentives for landowners.

The message the minister is sending by not providing a fair market value guarantee is that landowners cannot be sure they can trust a minister or a government which refuses to guarantee that their fundamental property rights will be respected.

The minister has this backward. Co-operation among stakeholders is unlikely unless landowners are assured that any land expropriated for species or habitat protection or recovery will be expropriated at fair market value.

We also see that this legislation is virtually silent on the issue of stewardship initiatives. Bear in mind, this is from a minister who is very fond of talking of stewardship, agreements and partnerships in the press conferences he holds. Again, the parliamentary secretary said in the House:

For this legislation to be effective all affected stakeholders must be engaged. Reality and experience dictate that to get the job done we need landowners, conservation groups and other levels of government working together.

We completely agree. The question is, how will the government achieve this? The government is certainly not telling us how in this legislation. What is its approach? This is a government that talks about stewardship and voluntary incentives at the same time as it talks about forcefully taking control of lands. In doing this the Liberals are sending a clear message that they do not fundamentally believe in the goodwill of Canadians. There is nothing in Bill C-33 that builds on voluntary stewardship initiatives.

• (1750)

This brings me to my fourth point. While the species at risk act is heavy on punitive measures, search and confiscation, through the establishment of enforcement officers along with threats of fines and imprisonment, it is light on doing anything to promote meaningful voluntary stewardship initiatives, which have so far been very successful. The majority of producers and landowners believe that the government could achieve more through co-operation with farmers and ranchers than through threats of punishment.

I now turn to an area within this legislation which has become the subject of considerable controversy. I am referring to the role of the Committee on the Status of Endangered Wildlife in Canada, COSEWIC. The bill also provides for the establishment of the Canadian endangered species conservation council, which is to be comprised of the ministers of the Environment, Fisheries and Oceans and Canadian Heritage, together with their provincial and territorial counterparts. The primary role of COSEWIC is to provide general direction on the activities of the Committee on the Status of Endangered Wildlife in Canada.

The Canadian Alliance believes that the general functions of COSEWIC in its relationship to parliament are sound and should be supported. COSEWIC will function as an independent, arm's length scientific body, will develop reviews and annual assessments on the status of wildlife species and will report and provide advice to the minister and the Canadian endangered species conservation council. While COSEWIC will provide guidance to parliament with respect to determining species protection priorities, it is impractical to suggest that COSEWIC should have the final say in the funding of those priorities.

There are those who would suggest that this view is inconsistent with the position of policy based on sound science. However, since COSEWIC has no real taxation powers, it therefore has no real tax revenue or spending authority. I want to make it clear that the Canadian Alliance supports an independent scientific listing body such as COSEWIC to provide guidance to parliament to determine priorities for protecting species at risk. At the same time we recognize the role of parliament as a spending authority in recovery planning.

I would like to return for a moment to the concept of stewardship initiatives to protect species at risk. I have already mentioned that in its current form Bill C-33 is heavy on punitive measures, yet very light on doing anything to promote meaningful voluntary stewardship initiatives, which have so far been very successful. It is a sad fact that punitive and aggressive environmental laws have often replaced the commitment to co-operation with feelings of antagonism and mistrust among stakeholder groups.

There is no better example of this failed approach to environmental protection than in the area of species and habitat protection legislation. The United States Endangered Species Act, 1973, for instance, destroyed the essential relationship between private landowners and conservation groups. When the freedom to manage their property was subsequently taken from them once the conservation objectives had been achieved, no longer were farmers and ranchers prepared to nurture the survival of species at risk.

I have said this before, but I must emphasize this point. As a result of that legislation conservationists lost a valuable working relationship with private landowners. Landowners often lost their property and their livelihoods and species at risk lost the partners they relied up to survive. I believe it is important that Canada learn from this unfortunate U.S. experience.

• (1755)

The U.S. endangered species act also places a disproportionate share of the financial burden of habitat protection on private landowners and has caused these landowners to lose substantial portions of economic use of their land. In the face of such disincentives, U.S. landowners have begun to take measures to ensure their land is unencumbered by endangered or threatened species.

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In order for any Canadian species at risk act to be effective, we must recognize that if protection of species and habitat is a common good then it must also be a common responsibility.

It should be noted that the most remarkable conservation success stories of this century were achieved through the willing co-operation of private owners. If voluntary stewardship efforts are important to the federal government, existing programs in support of private conservation should be enhanced.

Today I have discussed the path toward protecting species at risk. As I said at the beginning, this debate over the proposed species at risk act is not about who cares more about the environment. Caring is only what motivates us to work together to find solutions. This is a debate about what policies can best accommodate the needs of stakeholders involved and provide the best incentives for all Canadians to become active stewards of the land.

I am hoping that throughout the process of this debate, especially as we get into the committee stage where we have the chance to really address the bill and hear from a number of other stakeholders that I have addressed throughout my speech, the government will consider in strengthening the parts of the legislation to bring all stakeholders together.

It is my hope and it is the hope of the Canadian Alliance that in general, as was mentioned, the particular legislation on endangered species is a theme in legislation that can be embraced by Canadians across the country. It is something that most Canadians would like to see put in place. As I mentioned, it becomes an issue of fairness. It should become an issue of trying to put legislation in the House that brings people together.

I have said on occasions prior to this debate that we often see legislation introduced in the House by the government that is weak and that divides Canadians. Here is another perfect example of that. Even in talking with conservation groups and talking with a number of other stakeholders who want to see the legislation embraced by all parts of society, they all agree the commitment the government has made not only in its Speech from the Throne but throughout discussions on environment in the past comes up very weak, especially when we look at the funds allocated to the environment in the particular area of endangered species and in other areas of the environment.

I cannot stress the point enough that when it comes to putting a balanced approach in the legislation, legislation that can succeed in including all stakeholders, compensation has to be the key. It is something that environmental groups want to see, especially when it comes to building effective recovery plans that involve private landowners and other groups involved in dealing with and managing land. It is about putting aside proper compensation, especially for private landowners who will through the goodness of their hearts and in the goodness of pushing forward a successful endangered species recovery agenda, to ensure that they are compensated effectively in that sort of equation.

That is the only thing that is missing from the particular legislation, especially when it comes to bringing those groups together. I mentioned at the top of my speech and later about how particular types of legislation are introduced in this place that divide Canadians and divide stakeholders. I wish the government would listen and start to make the changes that could bring all these groups together. When I talk to the various stakeholders there is no question that they seem to be all on the same page and they want to see the same things. They want to see results in protecting endangered species.

As I was mentioning, I hope we get to committee stage and look at ways that as Canadians in this place we can create legislation that is good, legislation that can be improved and legislation that can bring various stakeholders together. I hope we have the spirit that all stakeholders want, the spirit to bring people together and through treating people fairly achieve that goal.

• (1800)

Sometimes in committee and even in this place we tend to get our backs up and revert to partisan politics. But I am confident there is nothing partisan about endangered species and nothing partisan about protecting endangered species. As Canadians in this place especially in showing leadership to the stakeholders who want to be involved with this process, we can make changes to this legislation which I am confident will make everyone happy and have a unified voice in moving forward with endangered species issues.

On that final note, it is the hope of the Canadian Alliance to have a plan that truly protects species at risk. I hope that in this place we will show that leadership and that the minister and the committee will show that leadership as we get to the stage to make amendments to this legislation to make it stronger.

[*Translation*]

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, I am pleased to rise to speak at second reading to Bill C-33, the Species at Risk Act.

Before starting my remarks, I would like to briefly put the bill in context. Biodiversity as a whole is the result of the evolution of the earth over 4.5 billion years. This evolutionary process created a wide selection of living organisms and natural environments on our planet. Together they form the ecosystems we know today, and each one plays a specific role in the food chain and contributes to the biological balance of the planet.

However, for some years, scientists have been warning about the disappearance of certain species in increasing numbers, as well as the rise in the number of species facing extinction or extremely vulnerable species.

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The decrease or degradation of the biological diversity concerns us all and could have unpredictable consequences for our environment. Over the past few years, in Canada, as elsewhere in the world, efforts have been undertaken to try to slow down this process. Starting in the 1970s, international conventions were signed limiting the trade of certain animal and vegetal species in order to protect them from extinction.

Cases in point include the 1971 Convention on Wetlands of International Importance Especially as a Waterfowl Habitat, better known as the RAMSAR Convention. The Convention on International Trade in Endangered Species of Wild Fauna and Flora, more commonly known as CITES, was signed in 1973. In 1979, there was the Convention on the Conservation of Migratory Species of Wild Animals.

In 1992, at the Rio summit—

Hon. Don Boudria: Madam Speaker, I rise on a point of order. I apologize to the hon. member who was talking, but I understand that she will be speaking until today's adjournment. I must interrupt her because I have a notice to give the House.

* * *

[English]

INCOME TAX AMENDMENTS ACT, 1999

BILL C-25—NOTICE OF TIME ALLOCATION

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Madam Speaker, following negotiations earlier today and previously, an agreement could not be reached under Standing Orders 78(1) or 78(2) with respect to the second reading stage of Bill C-25, an act to amend the Income Tax Act, the Excise Tax Act and the Budget Implementation Act, 1999.

Under the provisions of Standing Order 78(3) I give notice that a minister of the crown will propose at the next sitting of the House a motion to allot a specific number of days or hours for the consideration and disposal of proceedings at the said stage.

Some hon. members: Shame.

* * *

● (1805)

[Translation]

SPECIES AT RISK ACT

The House resumed consideration of the motion that Bill C-33, an act respecting the protection of wildlife species at risk in Canada, be read the second time and referred to a committee.

Ms. Jocelyne Girard-Bujold (Jonquière, BQ): Madam Speaker, let me continue from where I was.

In 1992, at the Rio summit, many nations of the world, including Canada, signed the Convention on Biological Diversity and made the commitment to adopt or maintain the necessary legislative and regulatory provisions to protect species and distinct populations at risk.

Soon after that, in their red book, the Liberals promised to ensure long term protection of species that live on our planet. In 1995, the current Minister of Canadian Heritage, then Minister of the Environment, introduced a first bill in that spirit. That bill gave rise to an incredible amount of protest and criticism, mainly from environmental groups.

One of the main objections to the bill had to do with the fact that the legislation would only apply to federal territories. Only four provinces, including Quebec, had a law on endangered species. Environmental groups argued that it was essential that the federal government legislate for the whole country.

In 1996, the federal government laid before the provincial and territorial environment ministers a Canadian Accord for the Protection of Species at Risk.

In October 1996, the ministers responsible for wildlife approved the accord in principle. Even though he signed the agreement, David Cliche, Quebec's Minister for the Environment, issued an independent press release, in which he said clearly that he could not remain indifferent to the fact that this accord opened the door to overlapping between federal and provincial legislation, and that a close eye would have to be kept on events.

Just a few weeks later, the federal government, through the then Minister of the Environment, Sergio Marchi, introduced Bill C-65, an act respecting the protection of wildlife species in Canada from extirpation or extinction, which was the forerunner of Bill C-33 now before the House.

I do not know whether this government is responsible or not, but I do know that at the time it was criticized by the provinces for the very broad powers it was assuming for the protection of wildlife species. Alberta, British Columbia, Nova Scotia, Newfoundland, New Brunswick, the Yukon, and the Northwest Territories expressed deep concerns about the concept of cross-border species and the powers defined in the bill.

Many criticized the minister's about-face when he introduced his bill and said the exact opposite of what he had stated a few weeks earlier—funny how this government keeps doing this—about wanting to improve harmony between the provinces instead of imposing standards. The Liberals let Bill C-65 die on the order paper.

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They are now bringing this issue back on the forefront, by introducing a so-called improved bill. Improved how? Improved with regard to provincial jurisdictions?

It is important to indicate that some federal legislation, like the Fisheries Act or the National Parks Act, allows the federal government to step in to protect some species, but there is no federal legislation directly dealing with that specific purpose.

• (1810)

If passed, Bill C-33 would be the first Canadian legal instrument directly concerned with the protection of endangered species.

Since pollution and migratory species know no boundaries, co-operation is required at the international level, as it is also, on a lower scale, at the national level. Canada federalism calls for co-operation between the provinces on this issue, since this is an area of shared jurisdiction in Canada. It is important to protect endangered species in Canada.

It is estimated that close to 70,000 known species have their habitat in Canada, many of which are found only in Canada. The Committee on the Status of Endangered Wildlife in Canada, or COSEWIC, has designated 340 wildlife species as at risk in Canada. This organization established in 1978 is composed of representatives from every government agency, province and territory, as well as four national conservation agencies. It is the main player in the protection of species and it is responsible for establishing an index of the endangered species in Canada.

The COSEWIC indicated that, of the 340 wildlife species considered at risk in Canada, 12 are now extinct, 15 are extirpated species or no longer exist in the wild in Canada, 87 are endangered, 75 are threatened and 151 are vulnerable, which means that there are concerns about these species. Of the 97 species whose status was reassessed in recent years, 26 are now closer to becoming extinct. This was one of the findings in a guide to the Species at Risk Act published by the Government of Canada and released by the Department of Environment on April 11, 2000.

Needless to say that without appropriate legislation, be it federal or provincial, without enforcement measures and adequate resources, the COSEWIC initiatives are insignificant and their impact is limited. With the increase in the number of species facing extinction, the problem is serious. Consequently, we must adopt effective measures.

But does Bill C-33 really provide an additional protection that is enforceable? Will it really do something to improve the protection of our ecosystems and of the threatened species that are part of them?

I would like to address the issues involved here, according to the Bloc Québécois. Despite the summary indication in the preamble about the shared responsibility for protecting endangered species, the bill's wording does not reflect this. It does not reflect reality, i.e. the fact that the main thrust of habitat protection is provincial.

Everything in fact suggests that the minister holds the power—and I say power advisedly—to impose his vision of protection on the provinces when he deems it necessary. In other words, his legislation will take de facto precedence over existing provincial legislation, even if the habitats fall solely under provincial jurisdiction.

Clause 10 stipulates that the minister “may—enter into an agreement—with respect to the administration of any provision of this Act”.

• (1815)

More precisely, in the section on general prohibitions, it is clearly stated in clause 34(2) that:

The Governor in Council may, on the recommendation of the Minister, by order, provide that sections 32 and 33 apply in lands in a province that are not federal lands—

What is more, it is indicated that if the minister deems that the law of a province—clause 34(3)—or of a territory—35(3)—does not protect the species, he must recommend to the governor in council that an order be made.

Granted, clauses 34(4)(a) and 35(4)(a) provide that “Before recommending the Governor in Council make an order under sub-section 2, the Minister must consult the appropriate provincial minister”. However, the bill only refers to consultation. The bill seems to say implicitly that in the case of disagreement, the opinion of the federal government will prevail.

As well, through clause 36, the bill forces the provinces who identify some species as threatened species not listed as endangered species by COSEWIC to apply the same restrictions to their own species as those imposed on designated species.

By doing so, the federal government is assuming the right to impose its own way of protecting species. Members of the Bloc are not convinced that constraints and fines would always be the avenues privileged by a province.

In terms of the recovery strategy, the terminology chosen also raises concerns in regard to the jurisdiction of provinces in that area. Clause 39 reads that “to the extent possible”, the recovery strategy must be prepared in co-operation with the provincial minister. I repeat, “to the extent possible”.

Action plans referred to in clauses 47 and 48 raise a similar concern. More particularly, the whole part of the bill dealing more

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directly with the critical habitat, namely clauses 57 to 64, allows the government to establish codes of practice and to impose national standards or guidelines, even if the federal government has no control over most of the territories concerned and no power over the management of resources on those lands.

Not only does the bill give broad discretionary powers to the Minister of the Environment, but it does not respect the division of powers as stated in the Constitution and as interpreted over the years. This bill truly interferes in an area under provincial jurisdiction and excludes the provinces from any real and direct input into the process. Existing legislation is totally ignored.

It is true that the protection of species can only be effective if habitats are also protected, but it is the responsibility of the provinces to manage these issues in co-operation with the various stakeholders.

Even though the minister supports, theoretically, the shared responsibility between the federal government and the provinces with regard to the protection of species, in reality, first, he disregards the division of powers and the provinces' responsibility with regard to the management of habitats and the protection of species; second, he ignores existing legislation; and, third, he assumes very broad powers with regard to the protection of species.

• (1820)

By acting this way, the federal government is going against true environmental harmonization between the various levels of government.

I will say a few words about the position of environmental groups and industry. Most environmental groups are opposed to the bill proposed by the Minister of the Environment. Those who should be his allies in any attempt to improve the protection of wildlife species find this bill totally useless and even dangerous.

Indeed, there has been much protest and criticism since the minister introduced his bill. Most stakeholders find the bill too weak. Even organizations representing the industry feel that the bill will not provide greater protection for species or specify the appropriate approach to protecting species living on a site under development.

Representatives of the Canadian Pulp and Paper Association and of the Mining Association of Canada indicated that the government "could have taken a much stronger approach concerning federal land and natural areas, where constitutional jurisdiction is not challenged". It must be noted that, in its present form, Bill C-33 is a bit scary for the representatives of certain industries, who believe that the compensation issues are insufficiently defined, as the representative of the Canadian Pulp and Paper Association said. As for the representative of the Mining Association of Canada, he said that the fines and legal proceedings were excessive in cases where a species was not deliberately killed.

However, the main problem that seems to be raised by all environmental groups is the fact that the decisions on the designation of species will be taken by the minister and his cabinet, and not by scientists. This has led many activists, such as the president of the Canadian Campaign for Endangered Species, to state that Bill C-33 was a "dismal failure" and that it will not ensure the protection of Canadian species.

Others, like one of the lawyers of the Sierra Club, made more qualified statements, but still denounced the weakness of the legislation and described as disgraceful the fact that such a discretionary power with respect to the designation of species be granted to politicians.

The minister is being criticized for resorting to a piecemeal approach dictated by cabinet, instead of a set of gentle measures promoting negotiation, but supported by compelling legal measures if an agreement cannot be reached.

Ignoring the issue of the division of responsibilities, environmentalists maintain that the federal government can and must get involved to legislate over all the lands, including provincial lands, to adequately protect migrating species. They add that only protecting the natural habitat of these species is not enough and that the whole critical habitat must be protected.

I will now outline the Government of Quebec's position on Bill C-33. As soon as the federal Minister of the Environment introduced his bill, his Quebec counterpart, Paul Bégin, said that the proposed legislation was just another example of useless duplication for Quebec.

• (1825)

Indeed, the Quebec minister indicated that Bill C-33 introduced by the federal government sought not only to create a safety net for endangered species and their habitat on federal lands, but also on the whole Quebec territory.

As mentioned earlier, while it may be appropriate for the federal government to legislate to protect migrating species, but this government has no constitutional authority regarding the management of habitats on provincial lands. The Quebec government cannot accept that the federal government infringe upon areas of provincial jurisdiction and dictate to Quebec how to protect its ecosystems when Quebec already has its own legislation protecting endangered species and their habitats.

Mr. Bégin said:

—Quebec has always behaved in a responsible and appropriate manner regarding the protection of the most threatened fauna and flora species and intends to keep on exercising its authority in this matter. We will never accept an umbrella piece of legislation covering all the initiatives in this area.

Government Orders

I was quoting from the press release regarding the federal legislation on wildlife species at risk in Canada released by the Quebec government on April 11, 2000 and which was issued by the office of the Minister of the Environment.

The Quebec government believes an act such as Bill C-33 would be acceptable if it excluded any species or habitat under provincial jurisdiction and applied to a province or territory only if this province or territory had explicitly asked that it did.

The Quebec government would not need to resort to such a provision since it passed its own legislation on the issue in the 1980s. Indeed, Quebec passed an act respecting threatened or vulnerable species in 1989, and it has its own act respecting the conservation and development of wildlife as well as fishery regulations.

These three acts give Quebec the means to identify species at risk, designate them legally as threatened or vulnerable species,

protect their habitat, and implement recovery plans to adequately protect endangered species and habitats.

I would like to state the position of the Bloc Québécois. Since species are disappearing more rapidly, the problem is serious, and we must take effective action.

But does Bill-33 really provide additional protection? Will this bill really improve the protection of ecosystems and of their endangered species? We think that the answer to these two questions is no.

The Acting Speaker (Ms. Thibeault): I am sorry to interrupt the hon. member, but she will have 14 minutes to complete her remarks the next time the bill is called.

It being 6.30 p.m. this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24(1).

(The House adjourned at 6.30 p.m.)

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