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(HANSARD)

Monday, February 12, 2001

Speaker: The Honourable Peter Milliken

CONTENTS

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

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HOUSE OF COMMONS

Monday, February 12, 2001

The House met at 11 a.m.

Prayers

GOVERNMENT ORDERS

• (1100)

[*Translation*]

FINANCIAL CONSUMER AGENCY OF CANADA ACT

Hon. Jim Peterson (for the Minister of Finance) moved that Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain acts in relation to financial institutions, be read the second time and referred to a committee.

He said: Mr. Speaker, as everyone knows, Bill C-8 is a major bill, over 900 pages in length. It is, I believe, the biggest ever placed before the House. It is the outcome of a great deal of work and consultation in all sectors, including consumers and the members of the House of Commons. In fact, the latter had already seen this bill during the last parliament. At that time it was called Bill C-38.

With it, we aim to reform the strategic framework of the Canadian financial services sector, which comprises Canadian and foreign banks, trust companies, insurance companies, co-operative credit associations and other financial institutions. We have proposed a few minor changes to Bill C-38.

• (1105)

[*English*]

In essence this is the very same bill but with technical, grammatical and editorial improvements, as well as some clarifications where stakeholders identified points of confusion about the intent or application of the policies.

For example, the Canadian Bankers Association pointed out that under Bill C-38 it was unclear whether new financial sector holding

companies could hold portfolio investments. The fact is that this is allowed and is now clearly stated. I thank the Canadian Bankers Association for its incredibly valuable input in the new bill, as well as that of all other industry and consumer driven stakeholder associations.

There can be no doubt that Canada's financial services sector is critical to us. It is critical as an industry, one of the truly great industries of the country, employing over 500,000 Canadians directly. It is highly export oriented, with more than 50% of the revenue from the insurers and the banks coming in from abroad. Most of the global taxes are paid in Canada, over 80%, and close to 90% of their global employees are in Canada. If we set out to devise through an industrial policy an industry that would be ideal for Canada, we could probably find none better than our financial services sector.

It is also important to us for the role it plays in our society and in our economy. After all, without financial intermediation, the capacity to deposit and withdraw funds, and to send funds around the world, where would we as individuals and our businesses be?

When we go abroad we find in many parts of the world that Canadian financial institutions are predominant in those foreign markets, giving a role of leadership not only to foreigners but also Canadians who want to do business in particular foreign jurisdictions. We have an important responsibility, therefore, to maintain the health and the vigour of this great industry.

Because they operate within a legislative framework determined by parliament it is essential that we have ongoing reviews of financial services legislation. This is probably the most extensive review that has ever been undertaken.

As a result of an extensive consultation going back to the MacKay task force which reported to parliament, the finance committee of the House and the Senate banking committee held extensive public hearings and reported back to us.

The minister then tabled before the House a white paper in June 1999, which again allowed for extensive consultation and input from all stakeholders. The bill was finally tabled last June as Bill C-38 and but for the election I am sure would have been law today. We are back to do the job, which is the culmination of all this great input.

Government Orders

There are four major themes in the bill. The first is encouraging the flexibility of our financial services both domestically and globally. To do so we have put in place a number of options and facilitating devices.

• (1110)

The first and probably most important is the holding company option. This means that our institutions will be able to compete in Canada with the foreign monolines such as credit card and lending companies that are coming here in an unregulated manner. We will give them that level playing field. It will also give them flexibility in the way they structure their Canadian and global operations.

The second point in terms of flexibility is that we are allowing a change in the ownership rules. This means that any shareholder, which under the current law would be limited to 10%, could go up to 20% of equity or 30% of non-voting shares. This is to give our institutions the flexibility to enter into strategic alliances and joint ventures with other institutions here and around the world.

The third area where we are helping them compete better is with respect to the merger review process. We have set out in the guidelines a process which must be followed for the major banks to enter into a merger.

This will offer certainty of process. At the same time it envisages hearings before both the Senate banking committee and the House of Commons finance committee. There is a great opportunity for public input because the final decision on mergers rests with the minister. He and Canadians must be convinced that any merger which takes place is in the best interest of all Canadians.

The second major thrust of the legislation is to encourage domestic competition in Canada. The reason for this is that we believe our customers are best served where there is vigorous competition in the marketplace.

How are we doing this? We want it to be easier for people to set up smaller banks or community based banks. This is why we are lowering the minimum capital that a bank must have or an institution must have from \$10 million to \$5 million. We think this will lead to new types of community banks.

We are also seeing under the evolution of this sector new banks associated with retailing institutions such as President's Choice Financial, a relationship between the Loblaws companies and CIBC which does their backroom work on a contract basis. This is a bank which now has over 400,000 customers and over \$2 billion in assets.

Another way we are facilitating competition is with the new three tier size based ownership regime. If the equity is under \$1 billion it can be wholly owned. Again this will help new banks to get established.

If the new size based ownership regime is between \$1 billion and \$5 billion, up to 65% of the shares can be owned or controlled by one shareholder and the rest must be the subject of a public float on the market. If the equity is over \$5 billion, such as with our major banks and demutualized insurance companies, the rule is that these institutions should be widely held.

We are seeing new measures to encourage domestic competition with respect to credit unions, particularly those outside Quebec which do not have significant size and therefore economies of scale and are thus facing higher costs of operating and serving their customers who are also the owners of these unique community based institutions.

• (1115)

We have worked very closely with the credit union movement to help give them greater competitiveness. This is why, working with them, we have come up with an entity called a national service entity. This would allow them to combine to get economies of scale. It would enable them, for example, to issue a common credit card, and they could roll out new service offerings across provincial borders. This is a major step forward.

I will say a brief word about co-operative banks. This was a very important consideration brought forward by the MacKay committee and endorsed by the committees of the House and the other place. We have been working with the credit union movement to find out exactly what type of co-operative bank legislation should be brought forward. Unfortunately, the big group with whom we were working fell away from this project, but we have continued to study it and we will continue to study it, running on a parallel basis to Bill C-8. When the model is in place we will issue it and we will have extensive consultations, because we know there are provincial concerns and there are concerns within the credit union movement. We will subject that new measure to the same type of extensive input from the communities, the industries and the consumer groups, so that when we do come forward with the legislation it will meet the needs as expected.

A fourth way in which we are encouraging domestic competition here in Canada is through the entry of foreign banks via branches. This legislation was in place a couple of years ago, again as a result of extensive consultation, but we have enhanced it in this legislation to bring the foreign banking regime in Canada up to a level playing field with Canadian institutions, again requiring amendments in the legislation.

A fifth way in which we are encouraging domestic competition for the benefit of consumers is by opening up to the payment system the operations of life insurers, security dealers and money market mutual funds. This means that these new institutions would be able to have funds of a customer on hand and the customer would be able to exercise chequing privileges on that account, again enhancing competition.

Government Orders

The third major heading under this bill is the protection of customers. We think customers are best protected under any regime where there is maximum competition, so I have outlined what the government is doing in terms of enhancing competition. However, even with competition we have found in the past that there were those who remained unbanked; basic financial services were not available to them. This is why the government has taken measures under the heading of access. We are ensuring that Canadians have access to the financial services they need. We have introduced measures which would require the opening of accounts with a minimum amount of ID. Past credit or employment history, provided there is no fraud, would not be a bar to cashing government cheques.

As well, I have recently entered into a memorandum of understanding, a signed agreement, with eight of the large deposit taking institutions, which would make basic bank accounts available for Canadians. They are not all the same. This is not a cookie cutter, because we believe that competition will benefit consumers. However, each institution has come up with its own basic account with a minimum number of transactions, be they in person or via the Internet.

• (1120)

The costs are set forth and range among the five from \$2.95 to \$4 a month. We are making sure that those who can least afford it have access to the basic banking they need to get off welfare, to be able to deposit that cheque so it is safe and secure, and to pay their bills, including rent. This is important because, really, it is almost impossible to get off welfare if one does not have access to this type of basic banking.

As well, we have put in place rules for the closure of bank branches because that could be another way that access to basic services might be denied. We do not treat the banks as utilities; what we have said is that if they want to close a branch, that is their business decision. We are not going to force them to operate branches that are not profitable. That would undermine the strength of our financial services sector. However, what we have said is that they have to give notice. If the branch is in an urban area, they must give four months' notice so people can make alternative arrangements. If the branch is in a rural or less populated area, they must give six months' notice. This is so the community itself can find alternatives for the provision of these basic banking services.

Some of the alternatives will come from other institutions. With the closure of many branches in some of the western provinces, we have seen how provincial credit unions have come in and bought up those branches, at the same time ensuring ongoing employment to all of the employees who otherwise would have been affected. This is one of the virtues of giving notice. The federal government is also prepared to play a role in remote communities. Perhaps the post office could be the place people could look to for basic banking.

Another area where we have had the views and interests of consumers in mind is the financial consumer agency of Canada. Right now there are three federal departments in Ottawa that deal with enforcing our laws as they relate to consumers: Industry Canada, the Office of the Superintendent of Financial Institutions and the finance department itself. We are putting all of these operations under one roof. There will be savings in the costs of administration in so doing. It will be much more effective and efficient. We think this is a step forward for consumers.

We have had in place for a number of years the Canadian banking ombudsman. In this bill we are trying to expand the role of the Canadian banking ombudsman so that it covers all financial institutions. In an era of conglomeration where different types of financial institutions, such as banks, insurers and trust companies, are coming under the same ownership and the same roof, we think consumers would be better served if they could go to one dispute resolution centre for all their disputes regarding financial services, as opposed to having to find different ones depending upon what type of financial service they are having difficulties with. We also believe that the financial institutions sector will be better served by having this type of single dispute resolution centre.

Of course under the constitution we cannot mandate that entities which are not owned by banks have to come to this centre. That is why we have undertaken to work in very close co-operation with the joint forum of financial regulators from the provinces to find a way to bring together the disparate dispute resolution mechanisms aimed at helping consumers today. We welcome the efforts undertaken by Dina Palozzi of the Financial Services Commission of Ontario and Doug Hyndman from the British Columbia Securities Commission, who are heading up this task force which also has representation from the federal government.

• (1125)

The fourth major thrust of the bill is to ensure that on an ongoing basis we have responsible but responsive regulation of the sector. Of course safety and soundness have to be number one. That is why the bill has a number of measures which give enhanced powers to the Office of the Superintendent of Financial Institutions to intervene where there are difficulties, to remove directors if necessary and to impose fines where there is blatant disregard of our regulatory regime.

At the same time we want to ease the regulatory burden. This is why we are streamlining the approval system. Many approvals would be done on an exception basis: a request for an approval, if it goes to OSFI and is not denied within 30 days, would be deemed automatically passed.

It is critical as we go ahead that we have in place an evolving, dynamic regulatory regime, because we are seeing incredible changes with globalization, with exploding technology, with conglomeration and with consolidation, all of it taking place on a

Government Orders

global basis. Our regulatory regime must be capable of keeping up with this. That is why in Bill C-8 we have reserved to the minister many areas of ministerial discretion. If it were there in black and white law, it would require an act of the House to change it. That is why we want, in many areas, to have this ministerial discretion.

As a minimum, within five years this law will sunset, again triggering, I hope, vigorous debate, with a telescope on the future looking at where the sector is heading, but because the changes in this industry and sector are so dynamic and so global, we cannot predict where they are going to be. We cannot predict what types of countermoves or accommodating moves we must make in order to ensure that we have a dynamic, competitive sector helping our consumers and competing globally. This is why we are committed as a government to reviewing the bill, not just five years from now but at any time sooner should it be necessary to do so, and then making the necessary changes.

In conclusion, I thank the stakeholders, the institutions, the financial sector, consumers' groups, members of this House and members of the other House. I particularly thank finance officials who have worked so assiduously on this, as well as those in OSFI and the other institutions, for bringing the bill to fruition in what I believe is a very responsible and critical way. Because the bill has had input from so many, I believe that it behooves us as parliamentarians to give it serious consideration. Because we have already had the input, I ask that it receive speedy passage. I would hope that it goes from this Chamber as quickly as possible into committee, where the real detailed work can be done and the witnesses can be heard.

Mr. Richard Harris (Prince George—Bulkley Valley, Canadian Alliance): Mr. Speaker, I understand that I have approximately 40 minutes. I am asking for unanimous consent of the House to split any unused time with my colleague from Saanich—Gulf Islands.

The Acting Speaker (Mr. Bélair): Is there unanimous consent?

Some hon. members: Agreed.

• (1130)

Mr. Richard Harris: Mr. Speaker, Bill C-8 is a bill to establish the financial consumer agency of Canada and to amend certain acts in relation to financial institutions. While we in the Canadian Alliance are very supportive of the bill in most respects, we maintain that the government has been very slow in modernizing the regulations in the acts that govern banking and financial institutions.

The government has been in power since 1993. This is the first major piece of banking legislation, or legislation covering the other

types of institutions outlined in the bill, that the government has brought in. As a result of it being so slow to react to global conditions, the global economy and what has been happening in industry in other countries around the world, we have seen ourselves, our banks, our institutions, our securities companies and our life insurance companies being left considerably behind other countries that have been more forward thinking in modernizing the financial institutions in their country.

Canada should have played a more leading role in setting an example for other countries to follow. As parliamentarians know, we have one of the safest and finest banking financial services industry in the world. We have been for the most part very prudent in setting regulations and ensuring that Canadians had a good financial services system to serve them. At the same time, until 1993 we were quite forward thinking in providing the tools for our domestic banks to compete in global opportunities.

We had all the reasons to set Canada up as a standard throughout the world for other countries to follow. Unfortunately the Liberal government did not take that initiative. It has played the role of a follower rather than a leader. For all the talk about how much good the government has done and how much attention it has paid to this sector of our economy, it has not been the leader that it should have been.

That being said, I may now have some nice things to say about Bill C-8. It calls to modernize Canada's financial services industry. Canadian consumers have been demanding a more competitive financial services sector and more choices as to where they do their financial business. In addition, the players in the industry, the banks, the insurance companies and securities companies have been requesting more flexibility to catch up with their competitors in the global economy so that they can take part in opportunities.

By catching up, I refer to having the provisions to make acquisitions within Canada and having in place a formal merger approval process. If they decided that it would be in their best interests and the best interests of their customers to merge with another domestic bank, they would have a formal process to follow. They would not have to leave anything to chance nor would they have their proposals subject to interpretation by a number of different parties that have an interest in this merger.

• (1135)

Under the legislation there will be a formal process. One would assume that if this is a process that has some sound reasoning behind it, two banks will be able to sit down and say that this is the criteria they have to meet, these are the steps they have to take and if they do, they can expect, according to the legislation, approval of the merger. That allows them to do some long term planning.

Government Orders

In this business, as a bank or an insurance company, one has to be able to have that opportunity to look far beyond tomorrow, certainly in order to set one's business plans in place. We have some criticism with the five year sunset clause.

Even though the legislation took about seven years, and now the government has promised to review it in five years, I believe the financial services industry, while welcoming the five year renewal in relation to what we have gone through, would like to have the opportunity to see far beyond that. They would like to see 10, 15, 20 years down the road. The government perhaps could have put the sunset clause together a little differently or else left it out altogether. It could have simply had an ongoing review process where amendments to the act could easily be made rather than having a sunset review.

There are many aspects to the bill of almost 900 pages. While we have some areas of concern, I did state that it addresses many of the things the Canadian Alliance finance group, of which I am the critic when it comes to banks and financial institutions, has been pressing the government for a number of years to get with the program in relation to making some changes.

I think back to 1994 when I believe the first white paper was brought in by a former secretary of state who had many years in the banking industry. Nothing was done. I think back to a couple of years later when there was another study done. Again, nothing was done. Then we had the MacKay task force report which was about two years ago. Finally, we had the legislation ready to go and then the Prime Minister in his wisdom, wisdom and Liberals seems to be an oxymoron at times, called an early election. Bill C-38 died at that time.

While the secretary of state was delivering his address in closing, he thanked a number of people. I would like to point out to him that he forgot to thank the member for Prince George—Bulkley Valley. When I read over the legislation, I was quite flattered because I and our party were way ahead the government in the legislation.

In November 1998 I delivered a report to our caucus, and to anyone in the industry who cared to read it. It was called "Competition: Choice You Can Bank On". It covered a whole myriad of things in the financial services sector. It was accepted by our party and was applauded by practically everyone in the financial services sector as a forward thinking plan for the future of financial services in Canada.

I am really flattered when I read the bill because our party and I used my 1998 report as a benchmark to scrutinize Bill C-38, now C-8. There is an astonishingly close similarity between what is in the legislation and what is in my November 1998 report. I am sure the secretary of state simply forgot to thank me. I know he read and reread my 1998 report in order to get a good grasp on what was needed to be put in here.

• (1140)

I want to talk about some of the points we support such as the legislation that allows a bank to develop into a holding structure. It is going to give banks far more flexibility to compete, particularly with foreign banks that are coming here, not necessarily establishing bricks and mortars but a credit card company, or banking by phone or lending by phone. This will greatly enhance our domestic banks to compete with foreign banks. Certainly we want foreign banks to establish their branches in Canada. It goes back to giving consumers choices. We support the new provision to allow the banks to restructure under a holding company.

We talked about increased access to the payment system which will allow life insurance companies and security companies to basically operate like banks as far as deposits and cash clearing. This will end the monopoly over the payment system that the banks have had and will increase the choices once again.

We talked about the ability for credit unions to expand into a national bank structure owned by one member one vote. We noticed that was not in the legislation, but we know that perhaps this will be dealt with in a separate piece of legislation. We are going to ask the secretary of state to put it on record. We support that principle.

The provision to allow banks to set up under a smaller capitalization is going to increase choice once again. Those parties will be able to set up smaller regional banks with an initial \$5 million capitalization. I hope that investors who want to get into the banking business will take advantage of this provision. Again, we have increased choice for consumers.

I talked about the formal review process for mergers and we support that. We are quite pleased about the absence of the banks' ability to retail insurance and auto leasing through their branches. That has been left out of the bill and the prohibition still remains. There is no doubt that some day, sooner or later, the banks will be in the auto leasing and in the insurance business. I do not know if that is going to be such a bad thing. However, because that provision is not in the bill, it gives the auto leasing business and the insurance business, which is a very competitive and vibrant business in Canada, a chance now to begin to lay plans for the most assured entry of the banks into those businesses. It gives them some time.

I have talked to representatives from the industry and have said that the banks will not be out forever, but here is some breathing room. I told them not to miss the opportunity to start laying some plans for the impact of the banks coming into their business. I hope they are making plans to mitigate the impact of banks coming into that business.

When it comes to the financial consumer agency of Canada, our party has some concerns in as much as the agency will report to parliament through the Minister of Finance. We are quite con-

Government Orders

cerned with the fact that within the bill there are tremendous powers given to the Minister of Finance. We believe those powers should be given to parliament, and by extension, the finance committee as opposed to the Minister of Finance.

• (1145)

I will talk about the financial consumers agency as an example. While the bill calls for that agency to report to parliament through the Minister of Finance, we would prefer that the agency report directly to the House. By extension, this would allow a review process to be done by an all party finance committee.

I think that would serve Canadians better in terms of openness and a non-partisan look at what the financial consumer agency has to say.

We hope we will be able to deal with this in committee. I know the government is anxious to make improvements to the legislation, perhaps through amendments in committee, and I am sure it will welcome that amendment with open arms and will get on with it.

I want to talk about the financial services ombudsman and, again, the financial consumer agency. I just hope and pray that this will not be another means for the Liberal government to give jobs to its friends, something we have seen so many times.

I expect a number of defeated Liberals may appear on these boards. I hope the government will be able to surprise us and that we will see some people who have never expressed any type of strong Liberal leanings, as impossible as that may sound, when it comes to government appointments. We will look forward to that. I see the hon. member nodding his head again so I know he likes the idea.

We will support the bill, of course, but we will raise our concerns through amendments. I want to straighten out the secretary of state. He seems to have the idea that regulating low cost bank accounts of \$2, \$3 and \$4 a month will somehow get Canadians off welfare. I fail to see the direct correlation between having a bank account and getting off welfare.

There are a number of reasons why people are on welfare. First, people, through circumstances that are no fault of their own, are unable to work. We have a responsibility to look after such people through the social welfare system.

Second, there are those people who simply do not want to work and just love welfare Wednesday, and they will never work whether they have a low cost bank account or not.

There are other people on social assistance who would dearly love to work but unfortunately, in a number of the provinces and throughout the country, there simply are no jobs. This situation exists because while we have been able to generate quite a bit of

revenue from our export economy, our domestic economy still needs a lot of help.

That means that the federal government, working in co-operation with provincial governments, could do far better in providing an environment that would ensure a buoyant economy right across the country, and not just in pockets where there are conservative governments such as in Ontario and Alberta, which have booming economies despite the deterrents presented by the Liberal government.

We would prefer that the government, instead of counting on low cost bank accounts to get people off welfare, took a serious look at how it has been curtailing economic growth and how this has not helped investors and businesses create new jobs for people on welfare.

• (1150)

I know my colleague from Saanich—Gulf Islands has a lot of good things to say about the bill, both from a supportive point of view and a critical point of view.

I look forward to committee, as I know do members of the government, the secretary of state, his parliamentary secretary and everyone connected with the bill on the finance committee. They are very anxious to see the amendments we put forward. They will appreciate the wisdom of them and be very supportive.

Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance): Mr. Speaker, I am pleased to stand on behalf of all people of Saanich—Gulf Islands to speak to the bill. We saw it in the last parliament as Bill C-38; it is now Bill C-8. It died on the order paper when the election was called.

We owe a huge thanks to the member for Prince George—Bulkley Valley who just spoke. He wrote a very detailed, in depth report titled "Competition: Choice You Can Bank On" back in November 1998. I had been elected for just over a year at that time and remember receiving a copy of the report. It was very detailed and very long.

He went into every possible detail of financial institutions and banking and how we could improve it for consumers and give them more choices. There was broad consultation with the industry. I was impressed by how much work went into the report and by how much knowledge he had on the subject.

A few years later we in the opposition see exactly what work we have done. Actually the government adopted a lot of it and of course never gave any credit for it.

I applaud the member for Prince George—Bulkley Valley. He has done a phenomenal amount of work in the financial services sector over the last few years. He can be proud when he sees the government actually adopting a number of his measures.

Let us talk about what the bill will do. As we have seen in the last few years, a number of major banks wanted to merge. They put forward proposals to do so which were all quashed by the government.

I am pleased to see that the government has finally come out with a formal merger process so that at least financial institutions know where they stand. They literally invested millions and millions of dollars to go through the process, only to be stopped in the end. Some would argue it may have been for political reasons, that the Minister of Finance was annoyed because he did not get advance notice. That is not the right reason to stop mergers.

Our interest has to be consumers, to ensure that their savings and investments will be secure in these institutions. We should also allow the institutions to compete more in the global economy and offer more choices for consumers. I am pleased to say, as my colleague has stated, we believe that will happen.

There are a couple of very positive aspects to the bill. We are pleased to see that the government left out the auto leasing and insurance sectors at this time. I agree with my colleague. I do not think it is appropriate to bring them in at this point in time. There was a lot of lobbying by financial institutions that wanted to get into the market. They recognized that they had huge lists of people to whom they could market and offer package services, from auto leasing to insurance to banking services.

The insurance and auto leasing sectors right now do a very good job and are very competitive. As the hon. member pointed out, it is inevitable that there will be changes in the years to come. We should prepare for them, but it is the right decision at this point in time not to go down that road.

● (1155)

I do have some concerns with the creation of a financial consumer agency of Canada. The agency will report directly to the Minister of Finance. We have seen over the last few weeks what happens when the government makes appointments based on politics, appointments which report to a minister as opposed to parliament where there is complete openness and transparency.

Even when in opposition the Liberals recognized that the ethics counsellor should report directly to parliament. In their very first campaign book in 1993, the Liberals stated that the ethics counsellor should report directly to parliament so that there is openness, transparency and a level of trust for the Canadian people. There have been decisions in recent months that have raised many concerns, yet members of parliament have no access to the reports.

The same concern is raised here with the financial consumer agency. It would report directly to the Minister of Finance, the same minister who I believe will be responsible for appointments

Government Orders

to these agencies or boards, which may become a political dumping ground for defeated candidates or large donors to the government.

Some would say that is a bit biased, but the facts speak for themselves. We have seen that so much in the past. It does not end.

Let me read a recent press release. This is enough to make anybody throw up. On Friday, February 8, it stated "The Minister of Citizenship and Immigration today announced the appointment of Lou Sekora of Coquitlam, B.C. as a part time citizenship judge".

We all know that Mr. Sekora was defeated in the riding of Port Moody—Coquitlam—Port Coquitlam in the last election. When I phoned a few of my colleagues on the other side, Liberal members of parliament who are good friends, to tell them about the appointment, they started to laugh. They thought it was absolutely hilarious. It was pure, blatant partisanship.

Again, our concern is when there is not openness and transparency. I have a lot of respect for the Minister of Finance but when this type of legislation is introduced it lends itself to abuse. We tend to question whether appointments are based on politics or on the real needs of Canadians. That can happen down the road. I believe the finance committee should be given the opportunity to scrutinize and re-look at these appointments.

Those are some concerns we have in the official opposition. Again, I only speak from the record. We also see the massive problems with the ethics counsellor. We will be voting on that tomorrow night on the Canadian Alliance opposition supply day motion, where members of the government will have an opportunity to correct the very same wrong they have put into this legislation. They will have the opportunity to vote on a motion to have the ethics counsellor actually report to parliament and not to the Prime Minister.

I am sure my colleague from Prince George—Bulkley Valley, who is quarterbacking the legislation for the Canadian Alliance, will submit proposals to the bill when it goes to committee. However, there are a lot of positives in the bill that we are pleased with. It will give consumers more options and the financial institutions the environment where they will be able to compete globally, and we are going to a global economy. Those are some areas with which we are quite pleased.

The government member who first spoke on the bill talked about how it would help people on social assistance. It is an incredible stretch to suggest that lower service fees on bank accounts will help people on social assistance. It borders on preposterous to even suggest that.

The former premier of British Columbia, Mr. Glen Clark, came up with an idea somewhat similar to that by opening a credit union in one of the poorer neighbourhoods. He thought it would help those people. If the government really wants to help the people who

Government Orders

are struggling to find jobs and get back on their feet, it should adopt some of the tax cut proposals put forward by the member for Medicine Hat over the last three years when he was the finance critic. We were pleased to see that the government, almost wholeheartedly, adopted a lot of the proposals contained in the member's 1998 report entitled "Competition: Choice You Can Bank On", but we would have liked some things to have gone further.

• (1200)

If the government really wants to help people on social assistance who are struggling, who do need tax cuts and who do need a stronger economy where the business community can thrive, it would create economic opportunities for meaningful, long-lasting jobs. That would really help them. We will continue to push these ideas forward.

Under the new U.S. administration of President Bush, our neighbours to the south have embarked on a massive tax cut in the neighbourhood of \$1.6 trillion. It believes that the economy is beginning to slow down in the United States. I agree with President Bush that those tax cuts will likely create more government revenues and create more meaningful and lasting jobs. It is the private sector that invests money into the businesses which creates opportunities for employment.

I do not believe the government can create lasting jobs. It can create short term jobs and do all types of funding, but at the end of the day it does not really create any kind of security for people.

I am pleased to speak to the bill and look forward to it going to committee. I am absolutely confident that we will be putting forward some amendments that will strengthen the bill. This is a time for all of us to support the bill, send it off to committee where the experts from the industry can scrutinize it and give us their input and then put forward some positive solutions to the bill.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, I am pleased to speak on this important bill, Bill C-8—the former Bill C-38—to reform the financial institutions and create the financial consumer agency of Canada.

From the beginning of the process leading up to this bill, the Bloc Québécois has been closely associated with the suggestions made through the Standing Committee on Finance.

In September 1998, the Bloc Québécois also submitted a memorandum expressing its view of the MacKay report, which is behind financial institution reform. We made a number of recommendations in it geared to the modernization of the financial sector and

especially of the environment in which the financial sector and the banking sector more specifically were evolving.

We realized the importance of renewing the regulatory and statutory context of financial institutions, which had not been renewed for five years. We were in fact behind the time in some respects, something that was becoming a cause of concern when we could see how quickly the North American and, more specifically, the Canadian financial sector was changing. We were somewhat frightened by the thought of developing in a context that was already several years out of date.

We were the first to ask the federal government to change the rules on the ownership of financial institutions, which prevented businesses from acquiring other businesses in complementary sectors, since the financial institutions act did not permit it.

• (1205)

I would like to quote the brief the Bloc Québécois tabled in 1998 with the Standing Committee on Finance, in which we asked the government, among other things:

—to change the rules on ownership to permit and encourage the amalgamation of small and medium-sized financial institutions into financial holding companies, as suggested by the MacKay-Ducros Report.

At the time, we supported, and we continue to support, changes on ownership rules to enable groups, such as insurance companies, investment companies or a brokerage firm. The aim was to build strength so that, with markets opening in the financial sector and competition appearing from outside the country and even from within it, the quality of services provided by them could be assessed in a healthy business environment and consumers advised of what they would get for their money.

We warned the government against the rule of 10%. Let me explain that, because I think it is worthwhile to do so. It is a bit complex, but when we take the time—and I have the time to do it this morning—it is easy enough to understand.

Before the minister introduced his bill, a single individual could not hold more than 10% of the banks' shares. This meant that 90% of the voting shares of a bank were allotted among the public. An individual still cannot hold more than 10% of a bank's voting shares and 90% of these shares must be allotted, that is they must be widely apportioned among the public.

With the changes proposed in the bill, we have a totally different situation. The 10% rule becomes the 20% rule. This means that, in the case of major banks—this applies to them—with equity of \$5 billion or more, a single individual cannot hold more than 20% of the shares, whether that person is a Canadian or a foreigner, while 80% of the shares of these major banks, again those with equity of over \$5 billion, are allotted to the public.

The bill proposes two other categories regarding ownership. The second category includes banks with equity of \$1 billion to \$5 billion. For these banks, the degree of ownership is different from that of major banks. In the case of these middle size banks, a single individual can own up to 65% of the shares. The other 35% must be widely distributed among the public.

This is a major change. We still wonder why, considering that the 50% plus one rule is the generally accepted one for full control of a business, 65% of the voting shares of a bank such as the Laurentian Bank, for example, which has equity of less than \$5 billion, could be owned by a single individual. The other 35% would be allotted among the public in a democratic fashion.

This is a revolution, a financial one, of course. I call it a revolution because, up to now, the philosophy that has driven all successive governments since passage of the Bank Act many decades ago was to give the financial institutions' shares a wide distribution, to prevent an individual from holding too much control over the banking institutions or the financial institutions in general; as everyone knows, these institutions have a strategic importance in the economy.

The practice of widely distributing the voting shares of a financial institution to prevent one individual from holding extraordinary power over the Canadian financial sector or even industrial sectors stems from a policy that was renewed from decade to decade.

• (1210)

We have to realize that the financial sector is a public interest sector in the sense that multimedia companies, companies in conventional industries or anywhere else have to be able to rely on a solid, open and transparent financial sector, one that will not be detrimental but rather useful to them.

Having a single individual controlling a financial institution, that could be a lending institution for SMBs, could give rise to touchy situations as far as conflicts of interest are concerned.

Here is an example. The main shareholder of a medium sized bank owns more than 50% of the voting shares of the bank, which makes loans to small businesses. But the main investor or shareholder of the bank is also involved in the same industry as a small business that is asking for a loan from the bank.

The shareholder who owns more than 50% of the voting shares and therefore has full control of the bank making loans to small businesses will have the final say on the loan request of the business in the industry where the main shareholder is also involved. The main shareholder of a bank can also be an industrialist in a given industry.

In the past, we have avoided this kind of situation where an industrialist involved, say, in the steel industry, who has full

Government Orders

control of a lending institution can sideline his competitors because such control allows him to have the last say on loan requests from competitors. This has been avoided in the past through widely held ownership of financial institutions and especially banks.

We now have a dangerous situation where, in banks with a capital between \$1 billion and \$5 billion, a single person can own up to 65% of voting shares. That individual has full control.

We do not like this. In Quebec, we have one institution in the category of medium sized banks in Canada, and that is the National Bank, the bank used by SMBs in Quebec.

We think it is very dangerous for an institution such as the National Bank to end up with rule changes whereby one person could hold 65% of shares, while the remaining 35% would be held by a wide range of members of the public.

Some said that there were no longer any problem, that it had been addressed with Bill C-8, formerly C-38, and that in any event the National Bank now had equity capital topping \$4 billion, which could soon reach, and even exceed, the \$5 billion ceiling, putting it into the category of a major Canadian bank.

In that event, the same ownership rules applying to those banks would also apply to the National Bank. No one individual could hold more than 20% of shares, and 80% of other voting shares would then be widely held, thus eliminating the problem.

There are two ways of looking at this: the first is that the National Bank does not yet have \$5 billion in equity capital, and it could be months before this ceiling is reached. Also, it is clear from Bill C-8 that—even if a bank reached a certain level of equity capital, even if the National Bank had over \$5 billion in equity capital—the Minister of Finance has full discretion to determine the number of years or months needed before this bank can reposition itself in a new category with respect to percentage of shares.

• (1215)

A three year period is specified. In other words, 10 months or a year from now, the National Bank could reach a level of equity capital exceeding \$5 billion, which would put it into the category of a major bank subject to the ownership rule of 20% of the voting shares being held by a single shareholder, whereas the other 80% are widely held. It could be considered as such, but it is up to the Minister of Finance.

Several clauses of the bill refer to the finance minister's discretion. The Minister of Finance is given so much decision-making power that, with this bill, the government is all but crowning him legislative emperor of the financial institutions sector.

Government Orders

Towards the end of the bill, entire paragraphs contain a provision saying that the minister may do this and that. Finally, this is a bill that could be called discretionary from the minister's point of view. It is all about discretion.

Therefore, even if the National Bank reached a level of equity capital above \$5 billion, the finance minister could decide to consider it as belonging to the category of 20:80 percentage ratio of voting shares only in three years.

Moreover, subclause 393(2) gives the finance minister the power to specify a later day as the day from and after which the financial institution must comply with the new provisions of the law. So, this creates a situation where, even if the National Bank reached a level of equity capital exceeding \$5 billion within the next year, the minister could decide that the new category or ownership rule will apply only in three, four or five years.

This period of three, four or five years is an eternity in the financial sector. Anything can happen during that time. The National Bank might not be protected from a takeover by a single individual or by speculators for resale, thus enriching only one, two or three individuals instead of everyone.

Can we take that chance? As I said, three, four or five years is an eternity in the financial sector. Anything can happen during that time, especially when one realizes the speed with which changes take place. Ought we not to set some criteria for this ownership issue in order to avoid having the negative effects of the new provisions blow up in our faces in the coming years in connection with the National Bank or some other financial institution?

Just to provide hon. members with a slight idea of the speed with which changes can take place, I will quote from the MacKay-Ducros report, which is what led to the bills being drafted by the Minister of Finance and his secretary of state.

The latter indicated that two virtual banks had cropped up within two years, as the MacKay-Ducros commission sat. In less than two years, these two virtual banks started up: the Citizen's Bank of Canada, a subsidiary of the Vancouver City Savings Credit Union, and ING, the subsidiary of a major Dutch financial conglomerate.

BNA and the Capital One Corporation, both of these American credit card specialists, have begun Canadian operations, again during the less than one and one-half years the MacKay-Ducros commission was sitting.

A number of special financing corporations began to operate in Canada, among them Finova and Heller Financial. Nine new pooled investment fund companies also started up within that same period of under two years. From September 1996 to May 1998, the number of pooled investment funds available in Canada rose from 954 to 1,079, again in under two years.

• (1220)

Because of the rate these changes occurred during the deliberations of the MacKay-Ducros Commission, which in fact caused the commission to make certain adjustments at the end of its deliberations, anything can happen to the National Bank.

We, as Quebecers, need guarantees and additional safeguards, within the bill, to reassure us in this regard and essentially eliminate the negative effects of the new rules of ownership, by taking specific criteria included in the bill into account.

The Quebec finance minister and the deputy premier, Bernard Landry, wrote the federal Minister of Finance last June to express his concern on the way the situation was changing and on the first draft of his bill.

The Quebec finance minister and deputy premier, Mr. Landry, said in a letter to the federal Minister of Finance that with respect to the National Bank public interest in the present matter had to be defined according to four criteria, which he identified and which would complement the bill before us this morning, to the satisfaction of the opposition. These criteria, included in Bill C-8, could eliminate the risks I have just mentioned.

The criteria are as follows:

First, we should evaluate the effect of the change on the banks' current activities, including the services available.

Second, the effect of the change—

In the case of a change in ownership of the National Bank, for example.

—on the head office and the branches, including on professional jobs or jobs requiring certain expertise.

Third, the effect of the change on the economy and technological development of Quebec.

Fourth, the effect of the change on the financial sector and on Montreal's role as a financial centre, including the keeping of the ultimate decision-making centres in Montreal.

Mr. Landry continued, saying:

We think that the legislation should contain provisions ensuring respect for these measures, which would be taken to prevent the unfavourable effects of allowing one person to hold more than 20% of the voting shares in a bank in the previously mentioned areas.

The opposition, the Bloc Québécois, is not alone in its concern. All of Quebec is worried.

That is why, when the secretary of state told me about the evolution of the bill in this respect, he told me it would be different from the first version. He indicated that, with the publication of the new Bill C-8 on the reform of financial institutions, the Minister of Finance had released new guidelines.

Government Orders

In light of these guidelines, I can tell the House that it would not take much to satisfy us with respect to the ownership rules. In fact, all that it would take is for these guidelines at the very heart of Bill C-8 to be included, so that the minister has a legislative obligation to take into account not only the interests of the Canadian financial sector, the solvency of those who wish to change the ownership of voting shares in a bank such as the National Bank, and the experience of such shareholders, but also the regional effects of such a decision.

It would be easy to take the secretary of state's guidelines and include them in Bill C-8.

The bill already contains a suggestion of them. It would simply be a matter of completing them with the guidelines that accompanied the bill and that were released by the Minister of Finance and his Secretary of State when Bill C-8 on the reform of financial institutions was introduced a few days ago.

Clause 396 defines certain criteria to which I more or less alluded, namely: the best interests of the financial system, the experience of the shareholders and their track record, their character and integrity, their competence and experience and the impact of any integration of the businesses and operations of the applicant with those of the bank on the conduct of those businesses and operations.

• (1225)

We could add, at the end of that clause, criteria such as the impact of the proposed transaction on the safety and soundness of the bank, on direct and indirect employment at the head office and in the branches, including professional jobs or those requiring special expertise, on the needs of consumers, on the bank's businesses and operations, on the bank's prospects in the context of the global marketplace, on the best interests of Canadians and, where the bank operates principally in one region, such as Quebec, on the best interests of those living in that region.

We could even add to these guidelines the last paragraph found in the document provided by the government, which reads as follows:

A proposed transaction that would lead to a change in de facto control of a former Schedule I bank with equity between \$1 billion and \$5 billion, and raises major public interest concerns, would be subject to a similar public review process as a merger between large banks.

In the guidelines on the rescheduling of banks previously listed in schedule 1 and whose equity is lower than \$5 billion, thus, in the government's reference document, there are some provisions that alleviate our concerns, if we find in the thrust of the bill a reference to the criteria that I have stated, including to the last paragraph, which deals with public interest, and which also calls for public review.

Why is the government not doing this? This morning, during a briefing with high officials, we were told that introducing these criteria and guidelines in the thrust of the bill might constrain the government and prevent the finance minister from having some flexibility.

I do not understand why the finance minister agrees to introduce guidelines and criteria such as those in clause 396 of Bill C-8, and talks about the interest of the Canadian financial system and about more criteria. Regarding the additional criteria contained in a guideline, which he says he wants to apply in case of a change of ownership of the National Bank, why are those criteria already included in the bill less constraining than those in the guidelines he has made public and intends to follow?

That is the question we must ask ourselves. When talking about the interest of the Canadian financial sector is no problem, but it is when it comes to the interest of the regional financial system, that is the Quebec system, I do not see openness, I see a problem. The fact is the Minister does not want those guidelines to be included in the legislation because that would impose upon him the obligation to take all these effects into account. That is what is preoccupying.

If the bill only referred to guidelines on medium cap banks, this would be a step in the right direction and we would consider supporting the bill.

Frankly, I must say there are other problems. However, we intend to propose amendments to this bill. For instance, there is the issue of consumer protection. I will come back to this issue later. We intend to propose amendments that will improve the bill generally. If it were not for the major irritant, the change of ownership rule applying to medium size banks, we would be a bit more willing to work with the government in order to pass this bill rapidly.

Up to this point, there has been a positive evolution. I recall that about eight months ago, the Minister of Finance did not want to hear about guidelines or evaluation criteria regarding ownership changes for medium size banks. Today, after the election, the government is introducing guidelines. This is a step in the right direction, even if it is not enough.

I believe that the government has shown a good disposition until now, showing an increasing openness, which we find satisfactory. It would only need to go a small step further and I believe that we would be ready to fully support its efforts in that direction.

• (1230)

We have other concerns with this bill. As I said earlier, we will be bringing amendments throughout the legislative process leading to passage of Bill C-8.

I mentioned before the widely held voting shares of the financial institutions, including the banks. The concept of widely held shares

Government Orders

was used to avoid the problems I raised earlier. But this has caused more problems, since with these widely held shares, any person holding a mere 10% of the shares—the maximum soon to be 20% of the shares—has effective control over the bank and the board of directors.

In the past, we have mentioned and wholeheartedly supported the proposals of the Quebec association for the protection of savers and investors. Its 12 proposals call for a greater democratization of the decision making process and of the board of directors of the banks and financial institutions in general.

These proposals are as follows. It may be time for the finance minister to pay attention. While he portrays himself as the great champion of democracy, he has allowed the boards of directors of the banks to act as if they were feudal lords and to completely ignore the needs of the small shareholders and investors. They do not even need the support of this majority of shareholders to appoint each other to key positions. I appoint you, you will appoint me, and we will keep things in our little inner circle.

The Quebec association for the protection of savers and investors' proposals are as follows, and we support them and will continue to support them strongly.

First, the association asks that the positions of chairman of the board and chief executive officer be two separate positions.

Second, the association asks for a reduction of the barriers regarding election to the board of candidates chosen by the shareholders, instead of candidates being chosen exclusively by the board or by the executives in place and instead of a system where I appoint you, you appoint me and we appoint ourselves.

Third, the association asks that the number of boards where a member can sit at the same time be limited. To avoid conflicts of interest, this might be a good idea.

Fourth, the association asks for the implementation of a process that is more democratic for the election of board members, through votes that are separate and cumulative and without any restriction to the list previously drawn up.

Fifth, the association asks for the elimination of potential conflicts of interest between board members and those who supply goods and services to the institution. Too often we see a board member who is also part of a business that supplies goods and services to the financial institution. It is easy to make such a business flourishing in such an environment.

Sixth, the association asks that it be mandatory for financial statements to be submitted for review and discussion during the shareholders' annual meeting.

Seventh, the association asks that the directors' compensation policy be submitted to the shareholders' approval. It would be interesting if most shareholders could determine what amount a board member receives for the services he provides.

The association asks for the adoption of a code of procedure for shareholders' meetings.

The association calls for businesses to fully record the minutes of all shareholders' meetings and to send those minutes to all shareholders.

The association calls for a reduction of barriers to the right of shareholders to make proposals for and during shareholders' meetings. They do not have that right today.

The association calls for giving securities commissions the right to decide if shareholders' proposals are in order. It is the board of directors that has that right at present; consequently, this right is exercised only by a very small group of people.

The association calls for limiting the powers granted by proxy to executives for shareholders' proposals not yet discussed by the shareholders or for extending these powers with corresponding means to all shareholders having registered a proposal.

Moreover, the association calls for giving access to all shareholders in the name of the real shareholders. Finally, it calls for relaxing the legislation in order to allow for communications between shareholders.

• (1235)

Those are proposals to improve decision making within financial institutions to ensure that decisions are not made by a small number of people on behalf of the majority of shareholders, who are small shareholders.

We would have liked to see these proposals included in the minister's bill since, as we said earlier, banks and boards of directors of banks especially operate in a somewhat archaic, feudal way that is not quite democratic. The association has done excellent work up until now to heighten people's awareness about the fact that they own a few shares, but that they do not have any say. A limited number of individuals all have the power to determine what is good for all the shareholders and what is not.

Throughout the process, we are going to propose amendments relating to matters of this type. In the event we obtain a favourable response from the government, hon. members can be assured that we are not in opposition just to oppose anything the party in power happens to present. If something is good, we will support the government's efforts. In the past seven years we have demonstrated that we are prepared to support good provisions coming from government for the good of the population in general. We are not here to block the progress of government, particularly when the

public interest is very much involved, as is the case with reform of the financial institutions. We shall continue to work very seriously in order to improve this bill.

The minister tells us, moreover, that the bill is in place in order to improve the environment in which all Quebec and Canadian businesses evolve, so that they may better face the major challenges that arise, particularly as borders are opening up, as globalization sets in. As a result, major competitors that are highly efficient internationally will be able to compete in our markets, and we and our businesses will be able to compete with them anywhere in the world.

As disciples of globalization, we support this policy and this government approach. However, we are well placed to see that the government gives up when the time comes to take action in very specific areas to support business. It is simply not there for them.

I am going to give a few examples—we will be coming back to this a bit later in the session but I think this is a good time to do it—examples relating, for example, to gasoline and petroleum products. Instead of going in the right direction and increasing the powers provided under the Competition Act to hold major oil companies accountable and allow us to take steps to prove that there is collusion among them to set prices that are detrimental to consumers, the government chose not to do anything. It chose not to strengthen the Competition Act, not to suspend the excise tax for a while, which would have given a reprieve to independent truckers who are being gouged at the pumps. The government also chose not to suspend the GST on heating oil for a while to give a break to those who use that type of heating fuel.

Some businesses that rely heavily on oil for their finished products have seen their costs go up by 15% to 20%. This is a huge increase. It is their profit margin. But the government did not come to their help.

As for employment insurance, we asked that the system be improved and we also asked for lower contributions, particularly in light of the tragic situation of labour intensive businesses.

Just take the restaurant business. During the election campaign, I was made aware of the fact that in the restaurant business 40% of the taxes paid by businesses are payroll taxes. This is enormous. It is more than the income tax paid by these businesses to the federal government.

• (1240)

There again the government should be sensitive to the plight of Quebec businesses. Instead of saying “we have the answer, we

Government Orders

reformed the financial sector and thus ensured the profitability of businesses”, the government should do something else.

The same goes for shipyards. Why did the federal government, which claims to care about the development and growth of high potential businesses, not implement the shipbuilding policy that we have been advocating for years?

We will come back with the bill and we hope there will be good provisions from the government, because before the election it seemed prepared to pass the bill introduced by my colleague from Lévis.

Mines are a very promising sector in terms of expansion and job creation. The mining sector is not what it used to be. It has been modernized over the years and is very capital intensive. In Quebec alone it accounts for 17,000 jobs. However, it is suffering considerable problems due to fluctuations in international prices.

The government could have drawn on its willingness to help businesses, increased, for example, financial provisions for mining companies. It could have increased tax deductions for exploration, and to give the country a shipping and rail transportation network that would make the mining sector in Quebec and Canada more competitive.

There is no mention of that. Generally, the government talks of supporting business but when it is time to do something specific, it is not there.

In the case of e-commerce as well, it is said that over the next three years 180,000 jobs could be created in Quebec and Canada. The federal government has not shown any desire to shoulder this sector. One hundred and eighty thousand additional jobs is a lot. There are 95,000 at the moment.

In short, these are examples, and we will be coming back to them. For the time being, the financial sector is under consideration, thanks to Bill C-8. Rest assured that, if the government responds favourably to our amendments, we will support this bill.

In the meantime, it must demonstrate a little greater openness. There is already a little more than there was last year. We hope that by the time the bill is passed it will be a matter of fact.

[English]

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, it gives me great pleasure to rise in the House today to discuss Bill C-8, the financial sector reform act.

The member for Regina—Qu'Appelle, who has been a member of the House since 1968, has been a very active member of the finance committee. A former colleague of the House did yeoman work for the people of Canada and for the House of Commons, Mr. Nelson Riis. Mr. John Solomon did great work in the finance

Government Orders

committee by bringing forward financially related matters to the House of Commons for all Canadians. It gives me great pleasure to congratulate them and thank them for their work on behalf of all Canadians and our party.

We could not help but notice that members of the Canadian Alliance were patting themselves on the back, saying what a great job they had done and how the Liberals had incorporated many of their aspects into the legislation. We in the New Democratic Party would also like to congratulate our member from Regina—Qu'Appelle for many of his motions and ideas over the years that are finally incorporated into the bill. Also, I will be splitting my time with the great member for Winnipeg North Centre. I will take the first 10 minutes and she can take the remaining 10.

I will go over some of the positive aspects of the bill. Before doing so, let me indicate that the bill is 900 pages thick. It changes 4,000 statutes of legislation. It is incredibly complex. There is no one in the House or in the country, even with an array of lawyers, who can figure out exactly what it all means in the end.

● (1245)

Anyone who says he or she understands it completely is simply not telling the truth. I certainly do not profess to know all about it nor could I even attempt to, but our member for Regina—Qu'Appelle has studied it thoroughly. He and his staff have gone over it fairly extensively and have come up with their own concerns about and recommendations on the piece of legislation.

One positive aspect of it is that it expands the access to the payment system, which is one of our long held positions. This is a measure that increases competition by allowing insurance companies to offer chequing deposit accounts. Most important, and this is something that I personally really like seeing, it helps credit unions compete by allowing the creation of a single national service entity to support credit union membership. This is a long held New Democratic position.

Also, as members know, there are a lot of people throughout Canada who have complaints about banks. Besides bashing the post office, bashing the banks in one way or another, whether it be for service charges or closure of an institution or facility in a rural town, is one of the great Canadian pastimes. We bash the weather, the post office and banks.

An article appeared in a daily newspaper in Nova Scotia on Saturday about something that Scotiabank has done. It is simply outrageous that Scotiabank, a fine reputable institution like that, would send out to unsuspecting people in the country cheques in the amounts of \$500 to \$5,000. They sent these out mostly to senior citizens, saying, "Here you go, folks, here is a cheque for \$500 to \$5,000". A lot of people had no idea what this was all about until they cashed the cheque and spent the money. Then they found out

that in essence it was a cash advance on their credit cards. They did not ask for it. No one told them it was coming. It just appeared in their mail one day.

Mr. John MacLeod, the business editor of a daily newspaper, pointed out quite accurately that someone in Scotiabank should have his or her head taken off for this one. It is absolutely scandalous that a bank with this reputation throughout Canada, one of our longest serving institutions, should do that to unsuspecting people. It is simply misleading. It is like the negative billing option with the cable companies. That is exactly what that bank did. As long as banks partake of that kind of practice they will never have the confidence and goodwill of Canadians that they need in order to move forward in the financial sectors.

If we had a Canadian financial services ombudsman and a consumer protection agency, which the bill offers, it would start the consultation process whereby the banks can legally be forced to provide a low cost account. This is a position we have held for a long time. We have to offer those people on low and, in many cases, no incomes the opportunity to use financial services at a low cost that is more beneficial to them.

I must say in jest that for anyone to say this will get people off the social assistance rolls, it simply is not on, as much as we would like to see that happen in a very positive way. I could not quite understand why the secretary said that. That simply is not on.

The bill also formalizes a process of collecting data on small business lending and does not expand the banks' business powers into the areas of auto leasing and insurance networking. This is a long held position of ours, in spite of a recommendation by the MacKay report which said that they should.

Some of the negatives in the bill are very clear. It abandons the wide ownership rule, which means that instead of the 10% ownership rule it would be 20%. That means we could have two people very closely related to one another owning 40% and 60% and so on. That consolidates too many financial services into very few hands.

We believe that down the road the bill and other legislation that will probably come to follow it will eventually lead to full bank mergers and full institutional financial mergers. That would mean that instead of having the broad range of competition within Canada that we see today or that we have seen before, we would see a lot more competition from foreign interests such as Europe, the United States or Asia. That may or may not be a good thing for Canadians, but one thing is clear: a lot of Canadians have no deep understanding, no clear understanding, of what the legislation means to them in their daily lives. Another thing the bill does, which is rather ironic to be talking about, is concentrate far too much power in the hands of the Minister of Finance; we call it the new banking czar.

Government Orders

● (1250)

In the area of parliamentary reform, where we are talking about loosening the powers of the PMO, various ministers and the government side in order to give members of parliament more say, clout and power in representing their constituents, it seems rather ironic that we are talking about a bill that does the complete opposite and gives far too much power to the Minister of Finance. In fact in many ways the devil is in the details. By obscuring the facts, the full impact of the legislation may not be understood by many people. The bill is riddled with regulatory clauses changeable by order in council, which means that the order in council can ignore the wishes of parliament and make changes by decree, thus avoiding the House of Commons and any legitimate debate in the future.

Another failure of the legislation is something the United States has but we have yet to incorporate. I am talking about a community reinvestment act. This would provide the opportunity to force the banks to reinvest a certain percentage of their profits in their local communities. This would be the same as it is in the United States. We believe it would go a long way in assisting the more extremely rural areas.

One thing the legislation does not do is to in any way stop rural bank closures, which is something that a lot of people in rural Canada are greatly affected by. For example, what about the closure of the banks in Sheet Harbour or Musquodoboit Harbour or anywhere in the country where there are small rural communities that need access to financial institutions? The legislation paves the way to make bank closures even quicker, especially of the branches. The argument of course is that foreign companies like ING Bank and others can come into the country and have virtual banking, with no need for the bricks and mortar.

However, a large percentage of Canadians depends on bank branches. They need to see a teller. They need to understand specifically how to fill out the forms for their regular chequing accounts, how to fill out their bank books and everything else. In fact last week one of my constituents passed on and his wife was left with no idea of how to balance a cheque book or do any aspect of banking. Her husband did it all. In how many families in the country does that situation exist today? If the male member of the family passes on and leaves everything to his wife, as in that particular case, can she understand all the intricacies of her financial account and everything else? This happens all the time.

Mr. Dennis Mills (Toronto—Danforth, Lib.): Mr. Speaker, the point made by the member for Sackville—Musquodoboit Valley—Eastern Shore about making sure that our rural communities are not being forgotten in the legislation is a valid point. This was a key point raised in the caucus task force of the Liberal Party.

Along those lines I have another point that is in line with the member's thoughts. In 1993 we had a crisis in the country, and it was the attitude of the major financial institutions toward small businessmen and businesswomen. The access to capital for these men and women was a travesty. A number of us from all parties on the House of Commons committee on industry worked together and designed a report for the House which was called "Taking Care of Small Business". The focus was on businessmen and businesswomen.

● (1255)

I am concerned that in the last few months I have been hearing from my constituents more and more that the old attitude is starting to creep back in, with the banks losing their sensitivity toward the small business fabric of the country. So throughout the debate I hope that members from all sides will remind each other that there should be a very direct signal given to the financial institutions that the commitment of the House toward small businessmen and businesswomen will in no way, shape or form be diminished by the legislation.

Mr. Peter Stoffer: Mr. Speaker, I thank the hon. member from the governing party for his statement. He is absolutely correct. We have to keep our eyes on the ball regarding individuals in small businesses. They are the backbone of our economy. We have to ensure as legislators that any financial bill that comes forward takes into account the special interests and needs of small business. If we all do that then the bill will be a positive one and will move things forward. We must think not only of small businesses in the rural areas but of young people getting into young entrepreneurship programs throughout the country. We must make sure they have access to capital within Canada which meets their needs and meets the changing demands of our new economy.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, I am pleased to follow my colleague from Nova Scotia in putting on record concerns and comments from the New Democratic Party with respect to Bill C-8. It is interesting to note that the debate has just turned to the whole issue of sensitivity of banks to the communities they are supposed to serve and, by implication, the role of government in ensuring that the banks live up to those commitments.

I will begin my discussion by referring to the government's own discussion paper of June 1997 from the task force on the future of the Canadian financial services sector. In that report it is noted that:

Canada, like other modern economies, has traditionally relied on government to provide some assurance that financial institutions are reputable and well-managed, and that they will meet their commitments. In our society, it is accepted that ownership of a regulated financial institution is a privilege, not a right.

Government Orders

It is important that we look at Bill C-8 from that vantage point and from those words by the government and acknowledge that it provides a significant framework for financial services in the country today.

I would assume that there is also an acknowledgement on the part of government in Canada today that access to basic banking services is a right. I hope I am correct in making that statement. I hope that is the basis upon which we are proceeding, because it is fundamental to this discussion and critical to the analysis of this very comprehensive, very detailed, very complex piece of legislation before us. We could spend months analyzing and scrutinizing 900 pages of legislation. It is a very important piece of legislation and I hope it gets a thorough debate in the House before it goes on to committee.

There are many areas of concern with respect to the bill that I could focus my attention on, but I want to do one thing this morning and that is to focus on the question of access. Are we as members of the Parliament of Canada fulfilling our responsibilities to ensure that in legislation, in the laws of the land, people, regardless of where they live and regardless of their economic circumstances, have access to basic banking services?

• (1300)

I would suggest that right now that is not being fulfilled today and it will not be fulfilled under the legislation. I would assert that many individuals and many communities are being discriminated against by the actions of the big banks and the inaction of the government. It has been noted before in the House that many communities have been hit hard by bank closures. They have virtually wiped out that right to access personalized banking services.

The hardship facing rural communities, many that have lost all of their banking services, was mentioned this morning. I do not need to mention the many older neighbourhoods, inner city communities of large centres across the country that have been abandoned by the big banks. I would like to give a case study of Winnipeg North Centre.

Winnipeg North Centre, which has a voting population of well over 60,000, is noted for the significant degree of economic hardship and high element of poverty. It is known for its higher than average proportion of senior citizens. It is known for the strength of small businesses that have built the community. While they are prepared to stay, they are suffering daily because institutions like the big banks are abandoning our communities. That community, which I represent, has suffered enormously by the actions of the big banks and the inactions of the government.

In the almost four years that I have served as the member of parliament for that area, we have seen six bank branches close. In a very needy and very committed community, we have been left with a very small number of banks branches that people can access for basic banking services. It is an appalling situation. People, especially low income citizens, senior citizens and small businesses, have been left virtually abandoned without access to banking services.

What has the government said in the face of this? First, delays in the legislation, which offers a tiny initiative, a step forward with respect to bank closures, have caused the problem. The horse is out of the barn. The government's delay with respect to the review of the financial services sector, and now the delays with respect to putting in place meaningful proposals to stop bank closures, has caused the problem. This is the issue we are dealing with today.

What is the point in talking about improved access for low income Canadians when banks in their neighbourhoods keep closing? What is the point of talking about access for people living in poverty who want to get off of welfare and break that cycle of dependency when in fact there are no banks left to access? That is the kind of situation we are talking about.

What is the point of a bill that talks about four months' notice of a closure, when there are no other alternatives? What is the point of legislation that does not first ensure that the banks are living up to their commitments and providing the services that people have need of, expect and are entitled to by right of belonging to a civilized society?

The citizens in my community have been dealt one blow after another. Each time one of the big banks closed a bank branch, they rallied. They came forward and said that a message had to be sent to the big banks and to the government saying that they would not stand for this. They are hurting their very livelihoods and security as members of the community. We continue to run up against a brick wall.

We have tried to appeal to the sensitivities of the big banks, to no avail. We have tried to get through to the Minister of Finance, to no avail. What did he say in response to appeals to him to intervene? He said the government could not really tell a private business what to do and believed that the Bank of Montreal had lived up to the spirit of the bill. That most recent closure in my community was really the linchpin and the final straw in terms of people's feelings of being abandoned. This bank did not even give constituents in my area four months' notice. I realize that the bill has not passed. We have nothing to hold over banks' heads to say that they have broken the law. Is there not enough goodwill on the part of the banks and is there not enough power in the hands of the finance minister to make a difference and make banks to live up to the most basic elements of human decency and dignity? There was no adequate

notice nor a single bit of consultation with the community about the impact that it would have on people in that area, not one shred of decent consultation.

• (1305)

The bill states that in some cases if there are questions about profitability, there should be consultation. I know for a fact that all of the branches which are closing in my area are profitable. The profits are just not big enough to satisfy the big banks.

Surely the government has a role to play in providing some access to basic banking services. Surely the legislation has to live up to that basic fundamental question. Are services available to all citizens regardless of where they live and how much income they make? Is access guaranteed as a right by virtue of belonging to a civilized society? The situation is no.

The government and the banks have failed communities like mine just because they are hard pressed, low income, older neighbourhoods and inner city communities; just like they have abandoned rural communities. They have failed those communities. The bill hardly does anything to ensure that the situation is reversed and that fundamental right of access is guaranteed to all citizens. That is one reason why we cannot support Bill C-8.

I hope that in the committee process the government takes these concerns seriously. I hope it is open to amendments to ensure that there is some meaningful process in place to ensure that people have access to banking services, that communities are not abandoned by the big banks, that there is some recognition of the loyalty that customers have had in the banks over the years and that banks are not left to simply play the casino global marketplace without concern for the communities that have made them profitable in the first place.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I listened with interest to the speech. I have a lot of sympathy for what she is saying. There are a certain number of people in our society who do not have big bank accounts and who simply need the basic banking services in order to cash a cheque. Sometimes it is a welfare cheque or payment for work. All they need is the ability to cash the cheque. I agree with her that it should be available.

However, to say that banks be forced to keep a whole branch open in order to provide that service is perhaps stretching it. For example, she said that banking services are a right. A lot of us think access to food is a right. We do not want to have our Canadian citizens starving to death.

Government Orders

Would we then pass a law that states that grocery stores must stay open in a community whether they continue to lose money year after year? If they lose money, where will the money come from? Eventually, they would not be able to pay their operating expenses and their employees. They would not be able to stay in business. Would she apply that same criterion to grocery stores as she would to banks?

I am sympathetic to what she is saying. However, I think there are entirely different ways of providing basic banking services than just forcing branches to remain open when they are experiencing a loss or perhaps are way under target in terms of what the profit in a branch should be.

• (1310)

Ms. Judy Wasylycia-Leis: Mr. Speaker, with respect to the issue about how banks are different from the neighbourhood grocery store, we all have to keep in mind that we are talking about regulated financial institutions that have a responsibility to serve society according to a prescribed framework and set of laws. There is a responsibility upon the government to ensure that those regulated financial institutions live up to their obligations as set out under the law. We are dealing with something quite different than corner grocery stores.

As the government itself acknowledged in a discussion paper, and as I said earlier, a regulated financial institution is a privilege, not a right. There are certain powers and benefits that have been bestowed upon the banks and that commitment to the Canadian people has to be honoured.

On the question about viability and serving communities, I want the member to know that I am not just talking about people living in poverty who need to find access to basic bank accounts. I am talking about entire communities that happen to be inner city, older neighbourhoods, not suburbia and wealthy communities, that are being abandoned by the banks because they are just not producing a big enough profit for the bank in question. I am not talking about keeping banks open that are not profitable.

In the case of Winnipeg North Centre, eight bank branches have closed in just five years. There is no information about whether or not they were profitable because the banks are not forthcoming and because the government does not require them to prove that they are profitable.

The legislation makes provision for a consultation process in the event that there might be seen to be some negative impact on the community. I am telling all members that there is a huge impact on my community. I do not think it is probably different from a lot other rural communities and older neighbourhoods.

Government Orders

The fact of the matter is the banks are calling the shots. They do not have to prove whether or not they are making a profit. They do not have to deal with the impact on the consumers, citizens and the spirit and health of that whole community. They are abandoning communities and we will have to pay the price down the road. The government has a responsibility to hold the big banks to account for that basic principle and to ensure some element of decency on that whole question of how many bank branches are reasonable, where they should be and what communities should have access to them.

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance):

Mr. Speaker, I listened with interest to the response to the last question. I have the same problem. I come from a constituency which is rural based. Over the last many years the banks have basically left many of the small communities. In fact, there was a case where one of the major banks gave up and the credit unions took over.

I know that a lot of the small communities have a small population base. The credit unions tend to be very people and service oriented. I can say that from my own experience having sat on a regional credit union board for many years. What would be the member's solution to ensure that financial institutions stay in small communities in rural Canada?

Ms. Judy Wasylycia-Leis: Mr. Speaker, that is a very important question. How do we deal with that situation?

First, we try to get the government to amend its legislation to have some teeth when it comes to bank branch closures. The onus should be on the banks to prove that they are not profitable. There should be a moratorium on any closures until the community has been informed and there is evidence that a particular branch is not viable.

Second, we should give greater support to credit unions that are reaching out, filling the vacuum and creating some hope for rural communities and as in the case of my constituency in the inner city urban communities as well. We have to do more.

Mr. Scott Brison (Kings—Hants, PC): Mr. Speaker, it is with pleasure today that I rise to speak on Bill C-8. Since it is my first time rising in the House for an actual speech since the resumption of parliament, I would like to take this opportunity to thank the people of Kings—Hants for the honour and privilege of representing them again. I also thank them for their unswerving support in the fall byelection when my leader was elected as their representative during a very critical time in the history of our party. I do not think they wanted me back. I think they wanted to keep my leader just a little bit longer but the unnecessary fall election precipitated changes for which we were not in control.

• (1315)

The global financial services sector has undergone more changes in the last 10 years than in the previous 150 years. No major regulatory reform has occurred in the financial services sector for the last 10 years.

In 1993 Canada was ahead of the U.S. in terms of regulatory reform affecting the financial services sector. Today we are far behind the U.S. in this critical area of our economies, particularly with the last vestiges of the Glass-Steagall act being gone now from the U.S.

The government has dilly-dallied, dithered and delayed at every opportunity. It has really been dragged to this point, kicking and screaming, to actually address some of the issues of the financial services sector.

In 1998, when the MacKay task force came out with a comprehensive set of recommendations, which balanced consumer interests as well as competitiveness issues for Canada's financial services sector, it represented what should have been considered a recipe, not a buffet.

Instead of taking that report, working with it, treating it respectfully for its tremendous contribution to the debate of this important public policy area and implementing many of the recommendations, the government chose to cherry-pick some of the more politically palatable recommendations of the MacKay report.

In fact, the government made public policy based in many cases on perception as opposed to dealing with the realities. Public policy and changes in public policy should always be based on reality and not on perception.

Before I go further, it is important that I declare I have involvements in the financial services sector. I have an involvement with an investment bank, not one of the chartered banks but with an investment bank. As such, while there is no direct linkage or effect of the legislation on independent investment banks, it is important that I do declare that as an interest.

Currently Canadian chartered banks are delivering on the whole, if one looks at it from a realistic perspective, reasonably good value to Canadians. We have a stable and an efficient system with among the lowest service charges in the industrialized world. We have 500,000 Canadians working for banks with a payroll of \$22 billion, and exports of \$50 billion per year of services. Ultimately, at the end of the day, over seven million Canadians actually own bank shares directly or indirectly.

It is important that we balance consumer interests, which are essential and need to be adhered to, and the interests of bank shareholders because in most cases they are the same people. Many of the investment vehicles that Canadians are relying on for their future post-retirement financial well-being, such as pension funds or mutual funds, have been invested in banks.

Government Orders

It is very difficult to invest in a mutual fund in Canada without investing in a bank. The percentage of the TSE that is consumed by banks in terms of investment capital is significant. We are fooling ourselves if we try to divide consumer interests from shareholder interests consistently because the two can be balanced, and the MacKay report demonstrated that.

It is also easy to bash banks, with the possible exception of politicians. Bankers are probably the least popular group in Canada. We should remind ourselves that it is not a legitimate reason to attack banks. We should actually base our attacks on some specific issues as opposed to simply doing it because by bashing banks we can make ourselves as politicians marginally more popular.

• (1320)

There are several positive features in the legislation. A negative feature, however, will be that it will lead to a dramatic increase in the level and layers of bureaucracy. The legislation will give the finance minister unnecessarily great and sweeping powers to intervene. It will require banks to publish information that arguably is of no practical purpose except to appease some of the advocacy groups.

On the positive side, the ownership and capitalization rules will be less restrictive. It will be easier to start a small bank. That is very good for the level of choice that Canadians will have ultimately in their banking services. Banks will have wider investment powers.

I am looking forward to changes in the co-operatives act, which will enable credit unions to compete more directly with banks and improve the competitiveness factors and services available to Canadians particularly in rural communities.

Foreign banks will have more flexibility in Canada. While that is a positive feature from a consumer's perspective, and we are supportive of foreign banks having greater access, we should recognize that foreign banks are gobbling up market share in Canada. Whether it is an MBNA or an ING, whether it is in the credit card business, small business lending or Internet banking, foreign banks can come in here without the impedimenta of bricks and mortar or legacy costs of bricks and mortar and compete directly with our Canadian owned banks on very specific areas of niche businesses.

By cherry-picking those businesses it expose the napes of our Canadian banks to a lot of competition. These foreign banks are not necessarily playing by the same rules in terms of commitments to communities, reinvestment and that sort of thing.

While we are supportive of greater levels of foreign competition from the perspective of individual consumers, we have to be careful that we do not handcuff our Canadian banks, expose them

to this competition, and at the same time jeopardize the returns of many Canadians who are investing in these banks.

There will be greater access to the payment systems for life insurers, securities dealers and money market mutual funds. That will lead to greater levels of products and services and a greater variety of products and services for Canadians.

There will be a more transparent merger review process. It is still lengthy and demanding, but at least a basic set of ground rules is established by the legislation. At the end of the day the finance minister will still have the final say. I believe that the competition bureau should at the end of the day be able to rule on this matter.

We should not be sucked back into the vortex of the highly politicized merger debate that erupted in the House a couple of years ago when the Liberal caucus witch hunt on banks occurred. They referred to it as the Liberal caucus task force on the financial service sector, but it turned out to be a witch hunt.

The ministerial discretion provided by the legislation in any number of areas is significant, with sweeping powers to approve or reject mergers and order effective changes to the payment system.

I have heard my colleagues in the New Democratic Party refer to the minister becoming a banking czar of Canada with the legislation. I do not think that is far off. With the leadership considerations of the Liberal Party of Canada, the dual role of a finance minister who may be a leadership candidate at some point in the future, the potential for politicization of this very important public policy debate is high.

The last time the minister had an opportunity to negotiate with banks to get conditions from banks such that the interests and concerns of Canadians were met adequately before mergers were to proceed, he simply slammed the door. I believe on December 14, 1998, he just slammed the door on bank mergers for short term political interests instead of negotiating..

At that time the Bank of Montreal and the Royal Bank had committed, if the mergers were allowed to proceed, to a doubling of lending to small business from \$25 billion to \$50 billion. They also committed to the establishment of a new bank for small business lending, a reduction in service charges and an increased number of staffed outlets. These are some of the types of things that actually could have benefited Canadians if legitimate discussions and negotiations were to have occurred, but they did not because of politics.

• (1325)

The five month approval process for a proposed merger is a long time in the hyper-competitive global financial services sector. We recognize the importance of the process but we also have to

Government Orders

recognize the speed with which changes occur and conditions change in this environment.

The cross pillar merger restriction is a matter of government policy but it could, in many ways, be wrongheaded if we look at what is happening elsewhere. In fact it is intuitive to expect that a cross pillar merger would lead to greater levels of security not less, and that it would be beneficial.

As a result of the legislation, the government will have power to intrude to a greater extent in the financial services sector than in any other Canadian industry. Banks and other large financial services firms with equity in excess of \$1 billion would need to do public accountability statements on an annual basis describing their contributions to the Canadian economy and to society, such as small business lending practices, charitable donations, community involvement and the location of any branches opened or closed.

I have banks in small and rural communities in my riding. It is very important that we work with the banks to ensure the continuation of services in these communities. We have to be cognizant that banks are not the only necessary service being provided to Canadians by the free market. Certainly financial services are necessary to all Canadians but so is food and shelter.

The logical corollary of the government's arguments, as presented in the legislation, would be that ultimately we would need to force companies like Sobeys and Loblaws to provide free food to Canadians regardless of income. In fact people building apartment buildings would have to build some extra apartments because there will be a need to provide free apartments by the private developers to individuals regardless of income.

We should start first with Canada Post. Certainly Canada Post, as a crown agency, should be giving out free stamps to people regardless of income if the government is to follow its own logic.

We need to ensure that a bank closure in a rural community goes through the same process as a grocery store closure. Surely, food is as important as banking services.

What I am trying to point out is that there are near toxic levels of hypocrisy in the legislation in the way it treats one sector and does not deal with the realities of what we enjoy in Canada as a free market. There are now more banking outlets in Canada as a result of technology than there have ever been. Any one of us can withdraw money at a grocery store with a bank card. We can use also use bank cards to buy groceries.

Technology has made a huge impact on improving banking services for Canadians at the grassroots level. I believe that in areas where the Bank of Nova Scotia has no branch outlet it has been working proactively with the post office in order to provide some level of service. There is nothing at the end of the day, particularly

for senior citizens, that beats actually dealing with a human being as opposed to an automated teller.

The credit unions' ability to take over banking services in some of these communities is the type of transition that needs to be encouraged. Sometimes the government's approach to some of these issues is very wrongheaded and is based on the anachronistic notion that somehow governments should regulate and overregulate until eventually the private sector will do everything the government tells it to do. The effect of that over the long term, if we apply it to every sector in the economy, would actually be very negative for all of us.

• (1330)

We will be supporting the legislation because by and large the positive changes are long overdue and simply cannot be delayed further. This piece of legislation was another victim of the early election call.

We are supporting the legislation despite some of the less positive elements of it. Another area of the legislation that on the surface sounds very good but has some real problems is the new consumer agency.

First, there is no reason why the agency could not report directly to parliament as opposed to the minister. The agency would be paid for by the financial institutions. Ultimately this agency, as well as the increased regulatory burden on our agencies, will lead to increased costs for the banks. There is no way around that. The costs will ultimately be passed on to consumers or will result in a lower return for about seven and a half million silent Canadian investors who are depending on the returns for their retirement incomes.

The new agency and the regulations could have a less than desirable impact. As a result of the law of unintended consequences, many of the positive impacts that people foresee from this agency and this greater level of regulation may not come to pass. Canadians might see higher costs for banking services as the costs are passed on to them in the end.

I am concerned that we may be further exposing our already disadvantaged Canadian banks in terms of the global environment. We seem to be handcuffing Canadian banks while exposing them to foreign competition.

Under the legislation bank holding companies in Canada would need ministerial approval for most categories of permitted investments. In the U.S., financial holding companies need only notify the federal reserve board 30 days after making a non-bank acquisition. These are some of the disadvantages that could lead to significant problems down the road for the Canadian financial services sector.

I hope that in 10 years we do not look back at this legislation and other policy movements by the government and see that they were

Government Orders

in fact the beginning of or the planting of the seeds of a foreign owned Canadian financial services sector.

We all like to complain about the banks. I have done it a lot myself. However, if there is a worse thing for a guy like me from Cheverie, Hants county, Nova Scotia than dealing with one of the big banks based in Toronto, it would be dealing with one of the big banks based in Zurich, New York or Chicago, a bank with no vested interest in the future of this country. The need for strong, Canadian-owned financial entities becomes particularly important in the context of national unity.

I hope we do not look back at this legislation and other decisions that are being made in this place at this time as having been the beginning of the end of a strong, Canadian owned financial services sector.

Some of the Luddite elements of the legislation are at best egregious and wrongheaded. Less generously, I think they are dangerous for the future of the Canadian owned financial services sector and these jobs that Canadians depend on as we enter an exciting 21st century.

The opportunities available to Canadians in the global environment are almost limitless, but we have to ensure that the Parliament of Canada and Government of Canada do not limit those opportunities by trying to appease the politics of the short term.

Mr. Shawn Murphy (Hillsborough, Lib.): Mr. Speaker, I appreciate the opportunity to speak to Bill C-8 which would implement the new policy framework for Canada's financial services sector.

• (1335)

At the outset I wish to reaffirm the government's commitment to provide a fair and balanced framework that preserves the health and strength of the sector, while at the same time allowing its evolution to proceed to the benefit of all Canadians.

The new policy framework is guided by four overriding principles. The principles are: First, the financial institutions must have the flexibility to adopt to the changing marketplace to compete here and abroad.

Second, there must be vibrant competition. This is necessary to ensure a dynamic and innovative sector.

Third, consumers, and I am talking about personal consumers and small businesses, regardless of income, regardless of whether the consumers be big or small or whether they reside in rural or urban areas, must receive the highest possible standard of quality and service.

Last, the regulatory burden should be lightened wherever possible, consistent with sound, prudential and public interest objectives.

Although each of these fundamental principles that guide the new framework is equally important, I have chosen to focus my remarks here today on the issue of consumer protection.

As we all know, the financial services sector plays a very important and vital role in the everyday lives of Canadian consumers. Financial institutions take consumers' deposits, supply access to payment services, such as cheques and point of sale debits, and provide mortgages and car loans. In short, financial institutions permeate every aspect of our financial lives.

While having regard to everyone, I am talking today about consumers and businesses who are all dependent on financial institutions. It is vital in Canadian society that consumers have protection when dealing with financial institutions.

The dramatic changes brought about by globalization and technological innovation, which other speakers have indicated here today, have contributed to a much more complex business environment. While consumers benefit from a far greater choice of products and services, these choices at the same time are being made more difficult by the greater complexity of products offered by financial institutions. Consumers often lack information to enable them to make the wisest choice. This lack of information may leave them exposed to unfair or abusive commercial practices.

To promote a better balance in the delicate relationship between consumers and financial institutions, it is important that the legislation, Bill C-8, ensure that consumer rights are protected adequately. The legislation, which was introduced here last week, would address the situation and better protect and empower all consumers of financial services.

Bill C-8 would implement a number of measures that go further to protect consumers than any previous legislation and, at the same time, and this is important, would address the need to provide financial institutions with an environment that is conducive to their continued growth and success.

• (1340)

We believe that in order to be effective any consumer protection legislation must include the following criteria: an assurance that all Canadians have fair access to Canadian banking services; accessible oversight and redress mechanisms; and strong consumer safeguards including an accountability framework.

With respect to access, I would note that many Canadians, for a variety of reasons, do not have access to basic financial services or are unable to access services in a way that fully meets their needs.

As members may recall, an agreement on access was reached in February 1997 between the major banks and the federal government. In that agreement the major banks committed to improving access to basic services for low income individuals by establishing

Government Orders

minimum identification requirements for opening accounts and for cashing government cheques.

Bill C-8 would legislate key elements of that agreement. Banks would be required to open an account for anyone who has basic identification, and neither employment nor a minimum deposit will be a condition of opening such an account.

The legislation includes regulation making authority regarding the provision of such a low cost account. The government has agreed however to hold off introducing regulations for the time being. Instead, it has recently concluded a memorandum of understanding with individual banks regarding the provision of the low cost account.

While the low cost account offers a range of choices to consumers, it adheres to certain standards that will ensure that all Canadians have access to a bank account at an affordable price. This will help ensure that all Canadians have access to basic banking services and will address the concerns of consumers who do not feel comfortable with the new technology of automated banking services.

The financial consumer agency of Canada would monitor the banks' compliance with these undertakings and would consult with consumer groups representing low income Canadians as to how the self-regulatory approach is working.

Should the FCAC find at any point in time that the banks are not respecting the terms of the agreements, the government at that time will not hesitate to exercise its regulation making authority to require banks to offer a standard, low cost account with specified features.

Another area that merits government attention is branch closures. The legislation calls for a four month notice period to provide consumers, especially low income and disabled consumers, with the ability to make alternate arrangements. It also consults with community leaders, to bring everyone into the picture for a proper consultation. This issue was recognized in the MacKay task force and it is being legislated.

The financial consumer agency of Canada would be a regulatory agency, an information gathering and public advocacy agency, with the ability to regulate a whole milieu of consumer interests that are now dispersed throughout other government departments.

• (1345)

In summary, I state that the framework of Bill C-8 ensures that consumer protection will be at the forefront of Canada's financial services sector for the 21st century.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, the hon. gentleman from the governing party mentioned the positive sides of the bill, but there are negative sides to it as well. He mentioned consumer protection but there is no community protection.

There is no protection to stop a bank from closing its branches in rural areas affecting people who desperately need those services. There is no community reinvestment act in the legislation which, by the way, the United States has in its legislation.

Would the member and his party be amenable to amendments in these areas in future discussions of the bill?

Mr. Shawn Murphy: Mr. Speaker, the learned member raises two issues. The first issue was with regard to bank closures and communities. My response to him is that banks have a fiduciary duty not only to their depositors who in many instances are low income and disabled Canadians but to their shareholders. They cannot be legislated to keep banks open when they are not making a profit.

Regarding accountability, banks will be required to file annually an accountability statement so that Canadians from coast to coast will be able to judge how banks are contributing to the economy and to society generally from a regional basis, from a provincial basis and from a national basis.

Mr. Peter Stoffer: Mr. Speaker, I welcome the new member for Hillsborough who replaced George Proud who did yeoman's work in parliament on behalf of Prince Edward Island. I not only thank Mr. Proud for his work, but I also welcome the new member to the House of Commons.

The bill provides an awful lot of power to the Minister of Finance, the new banking czar, as the member for Regina—Qu'Appelle put it. We have grave concerns about what that kind of power would do to the Minister of Finance. Has he or his party thought about the ramifications of the bill to the people of Canada?

Mr. Shawn Murphy: Mr. Speaker, I assume the member is speaking about the merger issue. Everything has to go through OSFI. It has to go to the competition bureau.

Any merger has to go through a lot of steps, but it has to go back to government. We cannot have mergers being approved by some other agency. They have to come to the government and the Minister of Finance.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I am delighted to be able to enter into the debate on Bill C-8, which will establish a new organization of government, the financial consumer agency of Canada. It also involves the amendments of a number of acts.

Government Orders

I am aware that we cannot use props so I cannot show the people of Canada the size of the bill without actually reading from it. I will just open it at random here and read one of its sections:

That subsection (6) does not apply in respect of a particular transaction if the bank is acquiring control of an entity whose business includes an activity referred to in paragraph 2(b), other than a specialized financing entity.

• (1350)

That is only one of three parts of section 390(7) on page 480 of the massive bill. We obviously see that the task of the opposition in bringing a critique to the bill is mammoth indeed. For us to go through and decipher the meaning of even one paragraph almost stretches the brain to capacity.

I will not be able to go through it entirely. Nor is that the purpose. However I want to go on record by saying that I agree with the bill in principle. We should send it to the finance committee forthwith, so that we can do some detailed study, along with our researchers, and listen to the witnesses that come before it.

I had the privilege of being on the finance committee in the previous parliament. We spent quite a bit of time on what was then Bill C-38, which was essentially the same bill. We heard from many different interest groups. Some were very much in favour of the particular legislation going forward. Others came to us with very specific concerns.

In fast summary I could mention three of the groups had great concerns. Those who ran automobile dealerships and automobile leasing companies were very concerned that we should not, in amending the way banks operate, give them the ability to become involved directly in automobile leasing. I have not read every word in the 900 page document, but as far as I know that prohibition is still maintained and we will not have the problem of having banks in automobile leasing.

The second group was the insurance people. They do not want banks to sell over the counter insurance because it would be deemed very unfair in the competitive field. I am not saying I agree with it but that was their argument. They made us a very strong presentation. I believe it is upheld in the legislation as well.

The third group that was very significant in its impact statements to the committee represented the down and outers in society, the people who do not have large financial holdings and in many cases no holdings at all.

They require basic banking services. They were concerned with monopolization and the concentration of the finance industry in fewer and fewer holding companies that they would be even more disadvantaged. They gave presentations to the committee. I believe the bill addresses their concerns to some degree. I have some philosophical questions about the way it does, but it is an interesting concept.

I will talk very briefly about different parts of the bill, the financial consumer agency of Canada act. It is appropriate to commend the Secretary of State for International Financial Institutions for the openness that is apparent on that side of the House in listening to the debates and incorporating into the legislation the various concerns we as a party and Canadians are bringing to the debate.

I also commend the member for Prince George—Bulkley Valley, one of our members in the Canadian Alliance, who has worked very hard in bringing forward ideas, concepts and principles that should be incorporated in the way our financial institutions are run. He has done commendable work. It is interesting that many of the things that he first came up with in his report are incorporated in the legislation.

• (1355)

To all the people out there listening in radio land I say that the work of a good, effective opposition is useful in parliament. We think we could do better if we were on the government side, but we on the opposition side are influencing the government. We should debate each other in a respectful manner, not the way we were forced to debate in the last election campaign. We should debate issues forthrightly and talk about the different options. Then debate is useful. An effective opposition is very important.

I also emphasize that we need a very strong financial sector. Sometimes the in thing to do is to bash banks. Many of us receive complaints from our ridings about the way people are treated in banks. We have to respond to them. Usually we try to get them in contact with the right people so their problems can be solved. Many of the complaints we hear about banks are specific.

Having strong banking and financial sectors is absolutely critical. We ought not to get into a malaise of complaining about them all the time, although it is appropriate through legislation and other presentations for us to put forward the wishes of our constituents and the fact that they deserve good service from banks.

Consequently I appeal to the banks to make sure they run their businesses properly. They should do this so that legislators do not have to come up with too many 900 page documents to regulate and control how they do their business. My first choice would be for them to make their decisions in an honourable fashion so that the public does not have reason for complaints or to come to us as legislators with a cry to bring in regulations and laws to control and restrict the behaviour of banks.

In a very real way banks have to exercise a serious social conscience. They have to make sure that they are treating their customers fairly. They have to make sure that all depositors and all people who have invested in banks are giving their money in trust to organizations that are credible and solid. The last thing we want is a financial organization that is tenuous and cannot be depended

S. O. 31

upon. It is very important for the banks to do this work. It is also very important for the government to bring in regulations and a framework for financial institutions which permit that to happen.

I will comment on some specifics with respect to the Bank Act. There is a change in the way banks are governed. One important point is that the ownership of banks is now more flexible.

STATEMENTS BY MEMBERS

• (1400)

[*English*]

GREATER TORONTO AIRPORT AUTHORITY

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, I congratulate the Greater Toronto Airport Authority for its recent initiative in instituting a new ground transport taxi permit system at Toronto's Pearson International Airport. The GTAA has demonstrated industry leadership in developing a fairer system, which benefits the travelling public.

The new system lowers economic barriers to entry for new taxi drivers. The cost had exceeded \$200,000 in the secondary market. The public will no longer have to bear the imputed cost of this entry capital. The number of licences issued will now match demand, and market sensitive fees will generate fair revenues for airport overheads.

I also thank the city of Mississauga mayor and council for working with the GTAA, allowing access by licence holders to city taxi permits on a restricted basis for use in connection with airport ground transport.

The public is now seeing better service and more efficiency at Toronto airport. We are excited by the future potential of our new airport terminal now being built by the hardworking Pearson airport team.

* * *

AGRICULTURE

Mr. Leon Benoit (Lakeland, Canadian Alliance): Mr. Speaker, most people in the world struggle from day to day to buy the food they need, but most Canadians have earned enough already this year to pay for their food for the entire year. The reason is that farmers in Canada are so efficient and so good at their jobs.

What thanks do they get? I think and many Canadians thank farmers, but the government really does not seem to care. If it did it would be fighting to remove export subsidies and other trade distorting subsidies in Europe, Asia and the United States. That would increase the price farmers get for their grain.

If the government cared, it would lower taxes and unfair user fees so farmers' costs would go down. If the government cared about farmers, it would fix the regulations that hurt farmers. It would lower freight costs and allow new marketing opportunities for farmers.

Unfortunately the government's record on agriculture speaks for itself. Now is the time for the government to do the right thing. It really would not hurt to thank farmers for providing the best, lowest priced food in the world.

* * *

KARL DAVID HOEFEL

Ms. Sarmite Bulte (Parkdale—High Park, Lib.): Mr. Speaker, I rise today to salute and congratulate one of my constituents, Mr. Karl David Hoefel, who on Friday, February 2, received the medal of bravery from the Governor General of Canada.

Bravery decorations recognize people who risk their lives to save or protect others. Specifically, the medal of bravery is awarded for acts of bravery in hazardous circumstances.

On August 28, 1999, Mr. Hoefel saved two women from drowning at North Beach Provincial Park. When he heard cries for help from swimmers who had been swept to the deeper waters of Lake Ontario, Mr. Hoefel and his wife entered the high surf on an air mattress and, guided by the voices of the victims, made their way to the closest one and helped her back to shore.

Mr. Hoefel then re-entered the dangerous waters and battled waves until he reached the second woman approximately 1,500 metres away from shore. Both struggled to hold on to the rapidly deflating mattress as they drifted to shore.

Mr. Hoefel certainly deserves to be recognized for his actions, which can only be described as selfless and heroic. He is truly an example to all Canadians.

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[*Translation*]

TRANSPORTATION

Ms. Yolande Thibeault (Saint-Lambert, Lib.): Mr. Speaker, last week, the Government of Canada announced two important projects for the economy of the Montreal region.

As mentioned last Thursday by the federal transport minister, the Government of Canada will be investing approximately \$7 million in a preliminary design study for a light rail transit system on the ice control structure of the Champlain Bridge.

The following day, the government announced it was providing funding for another project, this time \$120 million to renovate the deck of the Jacques-Cartier Bridge in Montreal.

These projects should largely resolve the traffic problems on these bridges.

I am delighted at these initiatives, which will improve the quality of life of residents of the South Shore, and particularly of those in the riding of Saint-Lambert.

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DRUGS

Mr. Guy St-Julien (Abitibi—Baie-James—Nunavik, Lib.): Mr. Speaker, the November 2000 issue of Reader's Digest contains an article written by Larry Collins entitled "Holland's Half-Baked Drug Experiment".

Twenty-four years after the legalization of marijuana, the results are terrifying. "We have left our kids with the idea that it's perfectly all right to smoke it, and from there it was an easy step for them to move to the notion that it's also okay to use mind-altering substances like ecstasy".

There are still many proponents of the Dutch legislation, both within Holland and elsewhere. But even some of them now agree with opponents that there has been a tendency to indulge in wishful thinking. However we cannot tackle a problem of this amplitude with our eyes shut.

I suggest members read this article in the November 2000 issue of Reader's Digest.

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• (1405)

[English]

PARKS CANADA

Ms. Cheryl Gallant (Renfrew—Nipissing—Pembroke, Canadian Alliance): Mr. Speaker, on January 31, HRDC directed Parks Canada to take immediate measures to protect park wardens from danger while they are engaged in law enforcement activity. The Minister of Canadian Heritage has had three reports since 1993 stating that park wardens are at risk.

Since that time Parks Canada has been engaged in an ad campaign featuring a park warden with the suggestion that all is well in the national parks. Despite the multimillion dollar smokescreen, all is not well in Canada's wilderness. Wildlife is being slaughtered while the minister funds false images.

The minister should know that 60 grievances have been filed over job conditions in the last six months alone and that the January 31 labour board ruling means wardens are out of uniform and off the job.

The ad campaign is a gross misuse of public funds. It is sad that the minister responsible has millions of dollars to spend on ads to mislead the public but no money to ensure the safety of our park wardens as they protect wildlife in our national parks.

Actions speak louder than words. It is time to equip our wardens to do the job they were trained to do.

S. O. 31

AGRICULTURE

Mr. Peter Adams (Peterborough, Lib.): Mr. Speaker, no other country has the high quality, diverse and inexpensive food that we do in Canada. We spend under 10% of our income on food. No other country spends less and some spend twice as much. The reason for this is an extraordinary, diverse and efficient agricultural sector.

Across Canada farmers and their families produce a huge selection of healthy food at minimum costs. They do this in face of subsidized competition overseas.

By paying such a low price, are we not in fact short changing farmers? In some regions and for some crops it appears that we are.

I urge all Canadians to buy Canadian food products and to buy them as close to the farm gate as possible. If necessary, be prepared to pay a premium for higher quality and freshness. Let us make sure that our agricultural sector remains strong and vibrant.

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[Translation]

GALA DES OLIVIER

Ms. Christiane Gagnon (Québec, BQ): Mr. Speaker, last evening at Montreal's Monument-National, the third annual Gala des Olivier was held. The Olivier awards were created in 1999 in honour of one of the great Quebec comics, Olivier Guimond, to celebrate comedy and the people who bring comedy to our lives.

Clémence Desrochers was the recipient of the Association des professionnels de l'industrie de l'humour award. It was a token of the great affection, love and esteem in which this great woman is held. Over her 40-year career, her monologues and songs have provided us with an accurate and moving picture of scenes from everyday life.

Congratulations to all the organizers of this great evening, particularly to Claudine Mercier and Mario Jean, who were at the helm of this event and managed to keep us in stitches.

Bravo to all those who received Oliviers and all those who were nominated, great masters of amusement all.

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[English]

HOUSING

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Mr. Speaker, in winter the housing crisis in Nunavut becomes more evident. In such a harsh climate no one can survive without shelter. Inuit know this and traditionally everyone is taken in from the cold. Sleeping on a porch or on a floor is better than freezing outside.

S. O. 31

Currently 15% of the Nunavut population is on the waiting list for housing. As the population of Nunavut is growing by 12% per year, this waiting list will certainly increase in numbers.

I assure my constituents that I am committed to working with the federal and territorial governments to improve the situation. The challenge of housing in Nunavut is a huge problem, but when we all work together toward the same goal I know we can achieve great things.

* * *

HEART MONTH

Mrs. Diane Ablonczy (Calgary—Nose Hill, Canadian Alliance): Mr. Speaker, February is heart month, fittingly enough. This is a time for all of us to give some extra thought to that marvellous little creation, the human heart, and how we can keep our own in top condition. It likes a diet low in fat. It loves to get out for a little exercise. It is a non-smoker.

Heart disease is the leading cause of death and disability in this country. It costs all of us nearly \$20 billion every year. That is why representatives of the Heart and Stroke Foundation of Canada and the Canadian Cardiovascular Society are here today. They urge government and non-governmental and professional organizations to work together to find ways to combat this crippling condition.

• (1410)

Every Canadian could also be part of this fight. If we treat our hearts well they will reward us with many years of faithful service, the better to enjoy life and all it has to offer.

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INTERNATIONAL CRIMINAL COURT

Mr. Irwin Cotler (Mount Royal, Lib.): Mr. Speaker, the July 1998 adoption of the treaty for the establishment of an international criminal court is the most dramatic development in international human rights and international criminal law in the second half of the 20th century.

On June 27, 2000, parliament enacted comprehensive, historic, watershed legislation to implement the ICC statute for Canada and to provide the legislative foundation to bring war criminals to justice. As of today 140 countries have signed the treaty and 28 countries including Canada have ratified it.

The ICC treaty will end a culture of impunity, deter national crimes, protect international peace and security, and serve as an international justice model.

In a word, the ICC treaty is a wake-up call and a warning to tyrants everywhere. There will be no safe havens, no base or

sanctuary for the enemies of humankind. As well, our domestic legislation will place Canada at the forefront of the international justice movement and give juridical validation to the anguished plea of victims and survivors from the second world war to the killing fields of today of “never again”.

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EAST COAST MUSIC AWARDS

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Mr. Speaker, last night all of Canada witnessed another great instalment of the East Coast Music Awards. On behalf of all members of parliament I extend congratulations to all the award nominees and the winners, from Damhnait Doyle of Newfoundland to Lenny Gallant of P.E.I., or as Jonovision says “PE1”, and Natalie MacMaster of Cape Breton.

For all of us who are lucky enough to call the east coast home, the musical culture that is expanding to the rest of Canada and throughout the world is quickly becoming a great success story.

Great music and great culture have long roots in Atlantic Canada, from the immortal Portia White to Wilf Carter, Dutch Mason, Great Big Sea, the Rankins, the Nova Scotia Mass Choir, the Barra MacNeils, Roch Voisine, Barachois, Stan Rogers, Harry Hibbs, Don Messer, Rita MacNeil, Men of the Deeps, and many more. We also extend special congratulations and good luck in March to Grammy nominee Natalie MacMaster.

Jigs and reels have expanded to rap, Acadian blues, folk, soul, choral and instrumental.

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*[Translation]***PIERRE-DE-LESTAGE HIGH SCHOOL**

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, on January 7, fire destroyed the Pierre-de-Lestage high school in Berthierville, the county seat of the riding of Berthier—Montcalm, which I have the honour of serving since 1993.

This tragedy, which caused bedlam in our community, has seriously disrupted the lives of hundreds of students and their parents. In a spirit of solidarity, the community has pulled together to make it possible for the student body of some one thousand young people to complete their school year at the high school in Saint-Félix-de-Valois, L'Érablière.

Today I would like to draw attention to the courage of the students, parents and teachers of this school and the great spirit of co-operation from the institution in the neighbouring municipality which took them in the day after this sad event.

Oral Questions

My best wishes to all students and staff of both schools for the rest of the school year, and congratulations on the spirit of brotherhood that has enabled these young people to continue their schooling with peace of mind and will therefore contribute to their academic success.

* * *

[English]

AGRICULTURE

Ms. Susan Whelan (Essex, Lib.): Mr. Speaker, I am very concerned for the future well-being of farm families from coast to coast who are struggling to survive under the weight of increasing input costs as prices for their commodities continue to remain well below the costs of production.

Our grain and oilseed growers in particular need more financial support. They need it delivered quickly, or spring planting could be at risk for many.

I strongly encourage the government to immediately finalize with the provinces and farm groups the improvements needed to ensure agriculture's future.

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CORRECTIONAL SERVICE CANADA

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Mr. Speaker, it is high time the Liberal government ceases its current practice of lowering security classifications to enhance parole eligibility for violent criminals. Law enforcement and victims groups have chastised the Liberals for defending CSC's ludicrous policy of frequently moving killers from maximum to medium or minimum security prisons only months into their life sentences.

As prisons like the Kingston pen were set to increase transfers by 29%, the solicitor general's order for a review is cold comfort to anyone. The proverbial horse is out of the barn.

The Liberals tried to deny former CSC Commissioner Ole Ingstrup's creation of the 50:50 quota system that established the practice of rushing violent criminals through the prison system at record pace. Then CSC incredibly allowed murderers like Antonio Lorenz and Michael Hector to receive minimum security placements months into their life sentences for violent murders. With problems and incidents in our prisons up 25% this year and dangerous practices of fast tracking and releasing of cold blooded killers, the solicitor general should remove his head from the sand and instead of simply mouthing the words public protection actually do something about it.

• (1415)

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, mercury is a toxic substance listed under the Canadian Environmental Protection Act.

In Canada mercury has contaminated fish as well as traditional northern foods. A large source of mercury emissions and other airborne pollutants comes from coal fired power plants. Their emissions are an environmental hazard and a public health risk.

Recently the states of New York and Connecticut have asked Ottawa to assess the damage caused by Ontario's coal fired power plants to their population. Hopefully the environment minister will conduct a comprehensive assessment, considering the fact that Canada has signed international agreements on mercury emission production.

The United Nations protocol on heavy metals committing Canada to reduce emissions of mercury, cadmium and lead by 50% requires now strong domestic implementation for the protection of public health.

ORAL QUESTION PERIOD

[English]

ETHICS COUNSELLOR

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, last week we asked the Prime Minister to explain the apparent conflict of interest between his meeting with the immigrant investment brokers and then the flow of funds that began just days after that to the Auberge Grand-Mère Hotel, which of course was attached to the golf course that he still had shares in, contrary to what the Minister of Industry tried to tell us last week.

The Prime Minister said that he had nothing to do with this, that in fact this was all controlled by the Quebec government.

In fact we have now obtained documents from the Quebec government showing that these funds were not managed by the Quebec government but by the brokers themselves.

Will the Prime Minister please try to explain why he denied that these funds were in fact controlled by the brokers.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, it is my understanding that the brokers were carrying out their work pursuant to a program administered by the Quebec government. In

Oral Questions

any event, neither the Prime Minister nor the federal government have played any role in the flow of funds and where they went.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the documents are here and now I am able to give him the information. The information we have here is that the Quebec government was not in the direct management and control of these funds. The Prime Minister stood here on February 7 and said “the investment fund is managed by the province government”, and yet he knows very well these funds are not.

When he met with those investment brokers, some of whom had criminal records or charges pending, he was aware of that fact at the time. Was it because of the apparent conflict of interest that he was trying to hide these facts?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, there is no real or apparent conflict of interest. This is what was found by the ethics counsellor and this is what he confirmed on Friday. The assertion that the Prime Minister owned the shares at the relevant time is totally not accurate.

Mr. Stockwell Day (Leader of the Opposition, Canadian Alliance): Mr. Speaker, the ethics counsellor was just out last week saying that he did own those. The Prime Minister had better take up that point with the ethics counsellor.

[Translation]

As regards the regulations for selecting immigrant investors, I cite the Government of Quebec document entitled “Le courtier g nera le placement de l’investisseur”.

And the broker and not the Government of Quebec manages the funds. Why did the Prime Minister wrongly try to transfer responsibility onto the back of the government—

[English]

The Speaker: The Leader of the Opposition will want to be very prudent in his choice of language. I think he knows that it is out of order to suggest that a member has said something that is false in the House. There are disagreements, I understand, between hon. members in respect of certain facts, but to suggest that some member said something false I think is getting very close to the line.

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, I will very carefully follow the admonition of Mr. Speaker. I hope that the Leader of the Opposition will do the same and withdraw his false assertion.

• (1420)

Miss Deborah Grey (Edmonton North, Canadian Alliance): Mr. Speaker, what would be terrific is if the industry minister would recant what he said on February 8. He defended the Prime

Minister’s dodgy involvement with immigrant investor funds by claiming that the Prime Minister’s shares in the golf course were held in a blind trust. That is 100% false. He can check that with the ethics counsellor.

This business about who owned the shares, the Prime Minister got those shares back on January 27, 1996. They were his. He had an interest in the hotel right beside the golf course at the Auberge Grand-M re.

Did the industry minister make those claims out of ignorance or fear?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, first, I spoke with the ethics counsellor this morning to double check the facts. I would suggest that the member, or any other member, or any member of the media could do the same because he is quite happy to convey accurate information.

The reality is that shares were not held by the Prime Minister prior to 1993 because they were sold. The proceeds from those shares were not realized until a much later date. Indeed, the Prime Minister’s lawyer, who is also a trustee, in consultation with the ethics counsellor and the Prime Minister, sought to secure the proceeds from that sale. That was confirmed in a conversation this morning. I would suggest—

The Speaker: The hon. member for Edmonton North.

Miss Deborah Grey (Edmonton North, Canadian Alliance): Now there is dodging, Mr. Speaker.

Let me quote something else from the industry minister. He said recently, and I quote, “Ministers are required to ensure that their affairs are dealt with by putting those in trust, and that is what the Prime Minister did”.

He could not have been more clear, but he could not have been more wrong.

Why does the industry minister just keep tossing off the truth?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, the real question is, why does the Leader of the Opposition, who cost the taxpayers \$800,000 for slander, proceed to more slander again in the House with comments directed at the Prime Minister of Canada? Why will he not withdraw?

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[Translation]

HEATING OIL REFUNDS

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, the Minister of Finance has chosen to send cheques of \$125 and \$250 to reduce the burden of the cost of heating oil to those who get a GST refund?

If the government wants to give the money to people, that is fine with me, but a lot of people paying heating costs did not receive this money, while others, who do not heat, even with oil, did.

Is this not proof of a purely vote getting measure, improvised and not thought out, announced on the eve of the election, a measure that completely missed its mark?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, clearly, when, a few months ago, we saw the problems low income Canadians were having in paying more for such expenses, we acted.

We acted quickly to help these people. We did not say there was no problem. We said we would address it.

Mr. Gilles Duceppe (Laurier—Sainte-Marie, BQ): Mr. Speaker, it was obvious there were problems. The government could have been a bit more responsible, rather than adopting a measure on the very eve of the election.

Would it not have been more judicious to suspend or reduce the GST on heating oil in addition to using refundable tax credits for those using heating oil so that the measure directly impacted those facing problems with the increase in the cost of heating oil, and not everyone on the eve of the election? That seems logical.

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, we dealt with this question six months ago. The minister said he would discuss it with his provincial counterparts. The response of the provincial finance ministers was no.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, cheques for \$125 were sent to people who do not pay for heat, while some who do did not get any money.

For example, inmates in federal or provincial institutions that are heated by the crown received cheques for \$125 to compensate them for their heating costs.

Will the government finally admit that its obsession with visibility led it to put the maple leaf on cheques paid directly to people, with the result that it completely missed its target?

• (1425)

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, obviously, it is illegal for inmates in federal institutions to receive that credit. We are investigating the matter to see what we can do to correct that.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the Secretary of State has just admitted that the Department of Finance acted illegally. He should have thought about that before taking that measure, not after.

Will the Secretary of State admit that, by distributing millions of dollars to people who have no heating costs, the government

completely missed the boat? It missed its target. It did not do anything to solve the issue of heating oil costs. We can now conclude that the government's obsession with visibility has a price tag.

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the hon. member claims that we totally missed the target. Not at all.

We admitted that we experienced some minor problems. As for inmates, they account for less than 0.1% of the whole budget for that item.

There was a problem affecting low and middle income Canadians, and we had to take action. We did so and we are very proud of that.

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[English]

FOREIGN AFFAIRS

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, my question is for the Minister of Foreign Affairs.

Last week Amnesty International urged the Prime Minister and team Canada to speak out on the dramatic deterioration of human rights in China, including assaults on freedom of religion of Falun Gong practitioners and, in Tibet, torture and the suppression of dissent and labour rights.

How then does the foreign minister explain the Prime Minister's bizarre suggestion yesterday that the human rights situation in China has actually improved? Will this minister show that Canada is serious about human rights by co-sponsoring a strong resolution on China at the upcoming session of the UN commission on human rights?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, the hon. member knows that we do take the issue of human rights seriously and that is one of the reasons that the Prime Minister raised it with his interlocutors in China.

Apparently the member does not share the view of the leader of the New Democratic Party in the province of British Columbia who said "I was delighted that the Prime Minister raised the issue in an absolutely frank fashion".

Mr. Svend Robinson (Burnaby—Douglas, NDP): Mr. Speaker, perhaps the minister might want to indicate whether Canada will co-sponsor a resolution at the upcoming commission.

Last week the Dutch foreign minister cancelled his upcoming visit to China because the Chinese government refused to allow a round table to go ahead in Hong Kong with human rights practitioners including Falun Gong.

Oral Questions

If Canada is serious about human rights in China, will our government and Prime Minister sponsor a similar round table during this current team Canada visit to China? Will we show we are serious about human rights?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, the Prime Minister will have the opportunity to address the issue of human rights again during his visit. He has made Canada's position very clear. It has been our ability to engage China over the years because we have been seen by them to be their friends. This is why we have been able to make progress on a continuing dialogue on human rights, including the important contributions we have made to enhancing the judicial process in the People's Republic of China.

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BUSINESS DEVELOPMENT BANK OF CANADA

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, my question is for the Minister of Industry.

I have reason to believe that in seeking a president and CEO of the Business Development Bank, the bank changed executive search firms between the appointment of Bernie Schroder and that of Michel Vennat.

Will the minister confirm that there was a change in search firms? Will he tell us why? Will he table the recommendations made by both firms? Will he table the board minutes recommending the change in search firms?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, I have to tell the right hon. gentleman that I have no information that would support anything he has just said. I would be very glad to take his question as notice and try to respond in greater detail.

Right Hon. Joe Clark (Calgary Centre, PC): Mr. Speaker, I wonder if the minister would also make a commitment now to provide that information to the House of Commons?

Perhaps the minister knows now, but if not he could take this as notice. Could he tell the House the name of the executive search firm that recommended the appointment to the Business Development Bank of Mr. Jean Carle? Will he table the recommendation of that firm respecting Mr. Carle?

● (1430)

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, I could only repeat to the right hon. gentleman that I will take all these questions as notice.

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HUMAN RIGHTS

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, the Prime Minister has dropped his commitment to justice.

Prior to the team Canada trip news stories were filled with reports of his commitment to human rights in China. Now that he is on the ground there he seems to have changed his tune by saying that Canada is too small of a fry to stand up for what is right.

Canada has endangered species legislation that mandates fines of up to \$25,000 or six months in jail for people who knowingly import products from endangered species, so we ban the importation of ivory to protect endangered African elephants. Why is the government prepared to give more protection to African elephants than to Chinese prisoners of conscience?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the assertions of the hon. member in his premise are absolutely wrong. The Prime Minister has spoken out vigorously on human rights in China during his current visit in his meetings with the Chinese premier. He will continue to do so and maintain this dialogue throughout his visit.

I am sure that we will hear more strong words from the Prime Minister during the course of his visit. His dialogue and assertions have been confirmed by NDP Premier Dosanjh of British Columbia.

Mr. James Moore (Port Moody—Coquitlam—Port Coquitlam, Canadian Alliance): Mr. Speaker, I guess the answer is hurry up and wait. In 1999 Canada imported a staggering \$8.9 billion worth of products from China. There are reports everywhere from groups such as Amnesty International that some of those products are made by prisoners of conscience in labour camps.

Since 1930 the United States has had a law specifically prohibiting the importation of goods made by prisoners or forced labour. In the mid-1990s the American state department began working aggressively to ensure that goods made by Chinese prison labour were not imported into the United States.

When could Canadians expect a similarly tough attitude in defence of human rights in China?

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, there are very few countries in the world that can have the influence that Canada has with China.

The hon. member raises, in my mind, some questions of exactly what the Alliance policy is with respect to trade. Is it suggesting that the Prime Minister and the nine premiers with him are wrong in promoting trade with China? Is the member suggesting that the Alliance policy is that Canada should withdraw from engagement with China and sit back on the sidelines where it can have no influence?

Canada is making a difference in China as it is around the world. Part of the reason for that is our history of engagement and active encouragement.

Oral Questions

[Translation]

COST OF PETROLEUM PRODUCTS

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, by agreeing to send out rebate cheques to Canadians to offset the large increase in the cost of heating oil, the Minister of Finance admitted that there really was a problem with the cost of petroleum products.

Will the Minister of Industry give us a progress report on the investigation into the cost of petroleum products which he commissioned from the Conference Board of Canada, a board on which, I remind the House, the major oil companies sit?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the question is a good one. We hope to have an answer from our officials as soon as possible.

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, a preliminary copy of this report has been circulating since last October, and the government was supposed to receive the final copy in December.

Is the delay in releasing this report not a sign of the lack of political will of this government which, throughout this whole business, has done nothing but try to buy time, on the theory that the crisis would fade away on its own, when in fact it has not?

Hon. Jim Peterson (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, it is my impression that the report will be tabled as quickly as possible.

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[English]

EMPLOYMENT INSURANCE

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, last year the Minister of Human Resources Development was in charge when there was a billion dollar boondoggle, and this year she has to explain why there is a \$651 million bungle.

In 1996 the EI program had an error rate of 4% and last year under the minister's leadership the error rate jumped to 6.6%. That amounts to \$651 million.

Could the minister explain why under her management the number of mistakes made is growing at such an astonishing rate?

• (1435)

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, this is the first time I have had the opportunity to congratulate the hon. member on her new role as critic to the department. I hope she has as much fun with the files as I have had.

She will be interested to know that in the department we have a 94% success rate in processing employment insurance claims. That is not good enough. We want to be 100% on the money, and that means working with employers, employees and staff in the department. We will continue to work in that regard.

Ms. Val Meredith (South Surrey—White Rock—Langley, Canadian Alliance): Mr. Speaker, contrary to rumour, I do have a compassionate soul.

Last year's comprehensive tracking system report for employment insurance stated that the most likely value of incorrect benefit payouts was \$651 million, or 6.6% of all benefits paid.

The 6.6% rate of error is more than 1.5 times worse than the historical rate of 4%. Could the minister explain why Canadians should trust her to manage their tax dollars?

Hon. Jane Stewart (Minister of Human Resources Development, Lib.): Mr. Speaker, again let us be clear that 94% of the \$9 billion in employment insurance benefits are paid correctly.

The hon. member will understand that this is a partnership with employers and employees. There have been significant changes in the Employment Insurance Act since 1996. We are working together to ensure that benefits are paid accurately and on time because they are important to the lives of Canadians.

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[Translation]

INTERNATIONAL TRADE

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, the Prime Minister has indicated in the House that there has been opposition from other countries about their negotiating position relating to the free trade zone of the Americas being made public. They have a right to that, but the population of Canada and Quebec has the right to know what is being negotiated.

Does the government commit to making public the working texts of the nine sectorial negotiating groups in order to ensure that there is true public debate? Let us be clear. We do not want to know what the others' positions are, nor the Canadian position, just what is on the table, what is going to be negotiated.

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Mr. Speaker, in recent days, the hon. member has raised a number of questions in the House on this matter.

He is surely aware that I have, on behalf of the government, made the offer of an information session for all MPs and for each caucus separately, so that they will be properly informed on this matter.

Oral Questions

Mr. Pierre Paquette (Joliette, BQ): Mr. Speaker, I do not think we understand each other properly here. I am not talking about a briefing session. We want to know the contents of the basic text on which they will be negotiating.

We remember how Canada nearly got us into signing an agreement like the multilateral agreement on investment, which everyone now considers a disaster.

Will the government make a commitment that no agreement will be ratified as part of the free trade zone of the Americas negotiations without a debate and vote in this House?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, we have made our position available on the Internet. It is a public position. Obviously, the Bloc Quebecois does not have the same position as its Parti Quebecois masters in Quebec, who obviously want to participate fully in these negotiations and are in favour of such an agreement. This is a major difference of opinion.

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[English]

GUN CONTROL

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Mr. Speaker, the registering and licensing of firearms has been so badly bungled by the justice department that the government is now trying to privatize the mess.

The system is riddled with errors. Even the government's own privacy commissioner has raised numerous concerns and last week said that it may be necessary to have an official review of the whole firearms system.

Is privatization an attempt by the justice minister to distance herself and the government from this huge mess so that they will not have to answer questions and be directly accountable?

Hon. Anne McLellan (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, yet again the member for Yorkton—Melville has it all wrong.

We are not privatizing the firearms licensing and registration system. Let me reassure the hon. member that the government, and in particular the Minister of Justice, will remain fully accountable and responsible for this program.

• (1440)

Mr. Garry Breitkreuz (Yorkton—Melville, Canadian Alliance): Mr. Speaker, despite what the minister says, it is on the Internet.

A week ago the minister claimed the registry was a phenomenal success. Now she is privatizing it because of "fiscal and operational" concerns. Private information in the gun registry will be used

as evidence in court and would result in SWAT teams being mobilized.

The gun registry is already infamous for its mistakes. Who will be liable for the mistakes made by a private company running the registry?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, although the member's assertion about privatization is inaccurate, it is very interesting that the Alliance Party is in desperation now opposing privatization.

What will it be abandoning next? I thought it was in favour of privatization, even though this is not our position with respect to the gun control system.

* * *

AUTOMOBILE INDUSTRY

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Mr. Speaker, my question is for the Minister of Industry. Recently DaimlerChrysler announced the elimination of the entire production shift at its Brampton plant.

Will the minister please inform the House on the steps the federal government is taking to assist the automobile industry, in particular those affected in my riding of Brampton Centre?

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, I thank the member for Brampton Centre for his question. Indeed he has been most concerned about the decisions announced by DaimlerChrysler.

I want to inform him, regarding the DaimlerChrysler Bramalea assembly plant in Brampton, that the job reductions there are a result of a move to two shifts from the current three.

I have had discussions with the president of DaimlerChrysler Canada and the CAW. We have been in close contact with the province of Ontario. We will do everything in our power, that is all the affected departments, labour, HRDC and others, to ensure that these reductions and the impact on workers are kept to a minimum.

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FOREIGN AFFAIRS

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, my question is for the Minister of Foreign Affairs. Only the Minister of Foreign Affairs could tell the House whether or not the government intends to follow up on what the Prime Minister has been saying in China by co-sponsoring a resolution at the upcoming meeting of the UN commission on human rights.

Could the minister tell the House whether or not it is the intention of the government to co-sponsor such a resolution?

Oral Questions

Hon. John Manley (Minister of Foreign Affairs, Lib.): Mr. Speaker, the meeting lies well out into the future. We still do not have any proposed text or language.

As is always the case, before we make a decision on whether or not we would co-sponsor, we would want to look at the language that is proposed and decide whether it meets the objectives that Canada would want to pursue.

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Mr. Speaker, I must say that is a pretty timid response when we consider the way the government is prepared to stand up to Brazil. Perhaps, if we could get China to do something to Bombardier, we would have a whole different foreign policy.

While I am talking about big corporations, I notice that CIDA has given a grant of \$280,000 to Monsanto for a project in China. Is the minister responsible aware of this, and does she approve of this kind of corporate welfare?

Hon. Maria Minna (Minister for International Cooperation, Lib.): Mr. Speaker, China had already approved the use of Bt cotton in the country. China asked Canada to provide Canadian know-how and expertise to ensure the appropriate use and management of this crop.

The project is consistent with Canada's biotechnology guidelines. We adhere to them 100%. CIDA did not provide money directly to Monsanto.

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AGRICULTURE

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, my question is for the Minister of Agriculture and Agri-Food.

The decision to ban the beef in Brazil, was it done through the minister's office in CFIA or was the direction given only by the Minister of Industry?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, as officials in the CFIA outlined very clearly in a technical briefing on Friday in this building, the recommendation comes from the Canadian Food Inspection Agency.

As minister, I was certainly informed of that recommendation, but the recommendation came from the Canadian Food Inspection Agency for the banning of the importation. The recommendation to recall product comes, as it should and always does, from the Ministry of Health.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, the Minister of Agriculture and Agri-Food sat back and watched agriculture being destroyed. Now he is opening the doors so that other countries can follow the same rules as Canada, not based on science but based on politics.

Why is the minister standing here right now and suggesting that other countries should not follow the same rules that he set for banning Canadian exports?

• (1445)

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, I find it absolutely appalling that the hon. member stands in his place and says that it is not the role and duty of the government to protect the food safety of the people in Canada.

This is a decision on food safety and has absolutely nothing to do with trade. Again, I am very disappointed that the hon. member says over there and says the decision should be something else.

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CORRECTIONAL SERVICE CANADA

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Mr. Speaker, yesterday it was reported that Canada's federal prison staff may resort to job action or lawsuits after a top down decision by Correctional Service Canada. The decision will subject guards to more frequent security searches than the convicts.

We are all for a zero tolerance policy on drugs in our federal prisons, but could the solicitor general explain why his war on drugs is focused more on honest, law-abiding staff than on the convicted criminals they guard?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, this is a security measure which helps the staff of Correctional Service Canada. Quite simply, if they are under pressure to bring drugs into an institution, and the prisoners and the staff know they will be searched on the way in, it makes common sense that they would not be asked to bring them in.

What we want is drugs kept out of our prison system, and that is what we will do.

Mr. Larry Spencer (Regina—Lumsden—Lake Centre, Canadian Alliance): Mr. Speaker, we know what the government's on the fly approach has resulted in before. Last week we saw the heating rebate fiasco result in countless prisoners receiving heating rebate cheques after the government proceeded with haste before the election.

Once again the government has proceeded with haste. It has ignored its promise to consult with the Union of Solicitor General Employees before coming to any decision regarding daily searches of prison guards. Why has the solicitor general chosen to ignore his promise to consult with the union?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, there are always measures taken by Correctional Service Canada.

Oral Questions

When I became the solicitor general I indicated that I wanted to stop the movement of drugs into our penal institutions. That is what we will do.

* * *

[Translation]

REPRODUCTIVE TECHNOLOGIES

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, recent scientific breakthroughs in discovering the code of the human genome point to a world of science in feverish activity.

While the Baird report on this issue dates from 1993, and although we have asked the government on a number of occasions to give us its position on these fundamental issues, nothing has been forthcoming.

When will the government finally assume its responsibilities and introduce proper legislation before it is too late?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the hon. member has raised a very interesting question, but one that requires a detailed answer. I will therefore take it under consideration.

Ms. Pauline Picard (Drummond, BQ): Mr. Speaker, with its irresponsibility and its inexplicable lethargy in dealing with the matter of cloning, is the government waiting for businesses operating in this sector to set up here simply because there is no regulation?

[English]

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, as the member knows, the government has established the Canadian biotechnology advisory committee. It is a committee of independent experts to advise it on policy matters related to biotechnology in all these questions.

This spring CBAC will be consulting with Canadians across the country on all of the matters that have been raised and will report back to government. In due course government will decide on the next steps.

* * *

FISHERIES

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, on Friday the Minister of Fisheries and Oceans announced a plan which will result in the buyout of 20% of maritime fishermen.

Privately the minister has stated that the government is prepared to spend almost \$500 million on his plan, which will gut fishing communities in the maritime provinces. The minister claims that this destructive policy is the government's necessary response to the Marshall decision. Will the minister table the government's legal opinion that obliges him to proceed with this destructive and divisive plan?

• (1450)

Hon. Herb Dhaliwal (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, once again the hon. member has his facts all

wrong. On Friday the Minister of Indian Affairs and Northern Development and I put forward a long term plan to deal with the Marshall decision.

We are on a two track system. The Minister of Indian Affairs and Northern Development is looking at the broader issues of aboriginal rights and treaty rights. As Minister of Fisheries and Oceans I am continuing the good work that we did last year in building agreement and providing entrance into the fishery by the aboriginal community as asked by the Marshall decision.

We are responding. It was very successful last year and we will continue to do so.

Mr. John Cummins (Delta—South Richmond, Canadian Alliance): Mr. Speaker, the supreme court has stated that the purpose of recognizing aboriginal rights was to reconcile aboriginal and non-aboriginal communities. The government's response to the Marshall decision has failed miserably on this point.

We have obtained documents under access to information which show that the Prime Minister received advice on the Marshall decision from the Privy Council, contrary to what we hear from the minister.

How does the minister explain away this contradiction? Will he table the legal opinion on which his policy is based?

Hon. Herb Dhaliwal (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I was before the fisheries committee of which the hon. member is a member. We clearly pointed out what the legal position of the government was in terms of interpretation of the Marshall decision.

The Marshall decision clearly said that there is a right to fish commercially. We are responding to the decision and will continue to do so.

Last year, when the opposition member was saying it could not work, we had 30 signed agreements. We had aboriginal people earning a livelihood and participating in the fishery. It has worked very well. We will continue. We have a long term plan. Unfortunately they do not have a plan.

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ATLANTIC CANADA OPPORTUNITIES AGENCY

Mr. Rodger Cuzner (Bras d'Or—Cape Breton, Lib.): Mr. Speaker, in my riding of Bras d'Or—Cape Breton, and indeed throughout all of Cape Breton, we see evidence of good work being done by the Atlantic Canada Opportunities Agency and its sister agency of Enterprise Cape Breton Corporation. However the official opposition has stated that regional development agencies such as ACOA will be abolished.

My question is for the minister of state responsible for ACOA. Given the recent tabling of ACOA's departmental performance report and the auditor general's report, could the minister tell the House about ACOA's effectiveness throughout Atlantic Canada?

Hon. Robert Thibault (Minister of State (Atlantic Canada Opportunities Agency), Lib.): Mr. Speaker, let me congratulate the hon. member for Bras d'Or—Cape Breton on his election to the House. I thank him for his first question. It is good to hear a good question from across the aisle.

The performance report summarizes the broad scope of ACOA's impact in Atlantic Canada. ACOA has met or exceeded its targets in terms of job creation, loans to rural businesses and assistance to new exporters.

The five year survival rate of ACOA clients is two and a half times better than that of other Atlantic firms. In addition, employee payrolls of ACOA clients continue—

The Speaker: The hon. member for Wild Rose.

* * *

FOREIGN AFFAIRS

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, when I raised a question of whether the immigration minister likely briefed Fhang Wei, a high ranking government official who had been indicted by the U.S. for people smuggling, the government House leader said this had been proven to be unsubstantiated.

The RCMP did not investigate this matter. The CIC says it did not. Could I ask the House leader who in the dickens investigated this?

Hon. Lawrence MacAulay (Solicitor General of Canada, Lib.): Mr. Speaker, when the RCMP receives a complaint it evaluates the situation and decides if an investigation should or should not take place. It evaluates the information that is given to it. Obviously in this case it did not investigate.

Mr. Myron Thompson (Wild Rose, Canadian Alliance): Mr. Speaker, obviously the RCMP was at this meeting. I do not think it was there to carry the ministers bags.

They must know who was at the meeting. They must have a list of who was at the meeting. I would suggest that the minister provide the House with a list of attendants because national security is at risk when these kinds of things happen. I find it amazing that it is not being investigated.

When it is national security, a crime against all of Canada, why would they ignore it?

● (1455)

Hon. Elinor Caplan (Minister of Citizenship and Immigration, Lib.): Mr. Speaker, I inform the member opposite that Colin

Oral Questions

Walker of the RCMP was present on the trip. A spot was offered to my critic. Unfortunately the Alliance member chose not to attend.

He should leave his conspiracy theories at the door. This is the House of Commons, not the *X-Files*.

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[Translation]

INDIAN AFFAIRS

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Mr. Speaker, five years ago, the Royal Commission on Aboriginal Peoples, struck at a cost of \$50 million, tabled a well received report. Since then, the government has been dragging its feet and refusing to act on it.

The native peoples have had enough empty promises and want specific action to meet their desperate needs.

Can the Minister of Indian Affairs and Northern Development tell us today which recommendations by the Erasmus-Dussault commission he intends to implement in this session?

[English]

Hon. Robert Nault (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, in my 30 seconds I do not think I could explain to the hon. member all the things the Government of Canada has done as it relates to the royal commission.

If the member would allow us to brief him, we would give him the explanation of what "Gathering Strength" has done for first nation people and where we are going in the future.

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FOREIGN AFFAIRS

Ms. Jean Augustine (Etobicoke—Lakeshore, Lib.): Mr. Speaker, Canadians have expressed concern about the situation in Sudan. It is one year since the special adviser to DFAIT, Mr. Harker, submitted his report.

Could the Secretary of State for Africa tell us what Canada's position has been in response to Mr. Harker's report?

Hon. David Kilgour (Secretary of State (Latin America and Africa), Lib.): Mr. Speaker, since the Harker report the government has done a number of things, including opening an office of the Canadian embassy in Khartoum with the mandate to promote the peace process in human rights. Second, it appointed Lois Wilson as our special envoy to the Sudan peace process. Third, we expect Talisman Energy to avoid becoming involved in actions that result in more suffering for civilians.

Much more shrieks to be done in the conflict that has been going on now for almost 45 years. The suffering by civilians and children is simply beyond belief.

*Routine Proceedings***TRADE**

Mr. Gary Lunn (Saanich—Gulf Islands, Canadian Alliance): Mr. Speaker, earlier today the Minister of Foreign Affairs suggested that we should look at our trade policy with respect to human rights before we start questioning the government.

I would like to quote the Canadian Alliance policy which says “We will not provide foreign aid to governments with a record of human rights violations”. Which part of that quote does the Minister of Foreign Affairs not agree with?

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the hon. member should listen to what he is saying. When he read from his policy he talked about foreign aid. What is the position on trade? Does he want to tell western Canadians that we should not sell wheat and other grains to China?

We are able to pursue human rights and trade at the same time. The Prime Minister is leading a vigorous dialogue in support of human rights in China and will continue to do so during his trip. He will also pursue the interest of western Canadians and all Canadians in more trade with China.

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[*Translation*]**PETROLEUM PRODUCT PRICES**

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, earlier, the Minister of Industry did not seem to know it was his department that asked the conference board to conduct an investigation into the oil industry. The preliminary version of that report has been circulating since October.

Does the minister have the final report of the Conference Board?

[*English*]

Hon. Brian Tobin (Minister of Industry, Lib.): Mr. Speaker, I thank the hon. gentleman for his question and inform him that the conference board is concluding its work with respect to the particular question. I expect the report will be made public in the days if not weeks ahead.

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HEALTH

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Mr. Speaker, the auditor general clearly said that we do not have enough good scientists in the government today. It is certainly clear that we should not be trying to gag the ones we have.

My question is for the Minister of Health. Why does he attack employees who are trying to protect the public? Will he instead concentrate on building a fail-safe system of dealing with the potential mad cow disease here rather than grandstanding elsewhere?

● (1500)

Hon. Herb Gray (Deputy Prime Minister, Lib.): Mr. Speaker, the hon. member is mistaken in her choice of language. As I understand it, the officials in question were not working in the branch that responded to the recommendation of the food inspection agency on banning beef from Brazil.

They had no direct connection or responsibility in the area. I think it is quite proper for questions to be asked of them by their superiors as to why they were taking a position on some matter for which they were not responsible.

In that connection, I repeat, the officials in the Canadian Food Inspection Agency found that there was a case for banning the import of that beef. They recommended that to the minister.

The Speaker: Hon. members, with their enthusiasm for short questions and short answers, has allowed us to get more in than usual, in fact more than any other so far.

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PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of the Honourable Mike Farnsworth, Minister of Social Development and Economic Security of the province of British Columbia.

Some hon. members: Hear, hear.

ROUTINE PROCEEDINGS[*English*]**NATIONAL DEFENCE ACT**

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance) moved for leave to introduce Bill C-259, an act to amend the National Defence Act (Snowbirds).

He said: Mr. Speaker, I am pleased to reintroduce my private member's bill from the last session which amends the National Defence Act to protect the Snowbirds. I thank the member for Kootenay—Boundary—Okanagan for his support in seconding my private member's bill.

Canadians across the country perceive our Snowbirds as a Canadian icon. They thrill millions of people throughout North America annually. Unfortunately their future is unsure and is certainly not protected. The only way we could protect this national icon is to amend the National Defence Act so that the Snowbirds are entrenched in the act itself. This is exactly what my private member's bill calls for.

I ask all members of the House and all Canadians to support it.

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

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HOLIDAYS ACT

Mr. Inky Mark (Dauphin—Swan River, Canadian Alliance) moved for leave to introduce Bill C-260, an act to amend the Holidays Act (National Heritage Day) and to make consequential amendments to other acts.

He said: Mr. Speaker, I thank the member for Kootenay—Boundary—Okanagan for supporting my private member's bill to make a day in February a national statutory holiday.

Members of the House and Canadians know that February is the only month of the year in which we do not have a statutory holiday. Heritage is already celebrated in February, so it only makes sense that Canadians deem heritage day a statutory holiday.

• (1505)

Canadians have found new interest over the last decade in the heritage of the country. My private member's bill calls for the government to amend the Holidays Act to include the heritage day statutory holiday. I ask all members to support the bill.

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

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PATIENTS' BILL OF RIGHTS

Mr. Greg Thompson (New Brunswick Southwest, PC) moved for leave to introduce Bill C-261, an act to establish the rights of patients in relation to health, treatment and records.

He said: Mr. Speaker, it is a pleasure to introduce the patients bill of rights. The purpose of the bill is to establish the rights of Canadians to consistent quality health care services across Canada, personal rights respecting the receipt of health care services, and the corresponding responsibilities of patients in dealing with health professionals.

The Minister of Health would be required to seek the commitment of the provinces to adopt and protect these rights and responsibilities. Full fiscal transfers are dependent on provinces agreeing to the principles embodied in this enactment.

What better time is there to talk about health care than following an election where it was the number one topic. Hopefully the bill will go a long way toward resolving some of our health care issues.

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

Routine Proceedings

FISHERS' BILL OF RIGHTS

Mr. Greg Thompson (New Brunswick Southwest, PC) moved for leave to introduce Bill C-262, an act to establish the rights of fishers including the right to be involved in the process of fisheries stock assessment, fish conservation, setting of fishing quotas, fishing licensing and the public right to fish and establish the right of fishers to be informed of decisions affecting fishing as a livelihood in advance and the right to compensation if other rights are abrogated unfairly.

He said: Mr. Speaker, the bill was introduced in the last parliament and was a votable bill. It enjoyed support from both sides of the House. Unfortunately the government could not see fit to support it as strongly as members on this side of the House. Nonetheless, it encouraged a lot of debate on the topic of fish and fishermen's rights. I know that technically this is called the fishers' bill of rights. However, being from the old school, I still call them fishermen.

This is a bill to establish the rights of fishers, including the right to be involved in the process of fisheries stock assessment, fish conservation, setting of fish quotas, fishing licensing and the public right to fish. It establishes the right of fishers to be informed of decisions affecting fishing as a livelihood in advance, and the right to compensation if other rights are abrogated unfairly.

Given one of the position papers just brought down by the government with regard to fishermen, I am sure we will enjoy more support on that side of the House.

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

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NATIONAL AGRICULTURE INDUSTRY RELIEF COORDINATION ACT

Mr. Rick Borotsik (Brandon—Souris, PC) moved for leave to introduce Bill C-263, an act to establish a national committee to develop policies and procedures to ensure co-ordination in the delivery of programs by governments in the case of agricultural losses or disasters created by weather, pests, shortages of goods or services or market conditions, and the co-ordination of the delivery of information, assistance, relief and compensation, and to study the compliance of such programs with World Trade Organization requirements.

He said: Mr. Speaker, we have had the patients' bill of rights and the fishers' bill of rights. I suppose I could call this the farmers' bill of rights.

This is the reintroduction of a private member's bill that would like to put into place a consistent program that would be able to

Routine Proceedings

develop a long term strategy for agriculture and support systems. This is in fact a desperate need right now and I look forward to being able to debate this on the floor of the House.

● (1510)

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

* * *

PARLIAMENT OF CANADA ACT

Mrs. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.) moved that Bill S-10, an act to amend the Parliament of Canada Act (Parliamentary Poet Laureate), be read the first time.

(Motion agreed to and bill read the first time)

* * *

[Translation]

PETITIONS

MR. ARTHUR KABUNDA

Mr. Yvon Godin (Acadie—Bathurst, NDP): Mr. Speaker, I wish to present a petition signed by more than 300 people from my riding.

The petitioners point out that, on December 29, 2000, Arthur Kabunda, a student at Bathurst Community College, in New Brunswick, met with a tragic death during a trip to his native country of Burundi. He was killed, along with about 20 other fellow countrymen, by a group of rebels.

The petitioners wish to express their indignation and their dismay at such barbaric actions and hope that some day this violence will stop. They also wish to express their solidarity to the people of Burundi and to all the other nations suffering the horrors of war.

Consequently, the petitioners are asking parliament to officially convey to the family and friends of Arthur Kabunda its condolences on behalf of all Canadians, and to publicly condemn such acts of violence.

[English]

CRIMINAL CODE

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Canadian Alliance): Mr. Speaker, I have three petitions today.

The first petition is from a group of constituents who are opposed to corporal or physical punishment. They feel that it leads to actual child abuse and to a possible increase in criminal activity. They consequently ask for the government to repeal section 743 of the criminal code.

HEALTH CARE

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Canadian Alliance): Mr. Speaker, my second petition is from a group of people concerned about the lack of housing and care facilities for the elderly. They call upon the government to provide measures for

one time infrastructure funding to revitalize health care facilities and provide resources for innovative and creative ways to address the needs in the most economic and efficient way.

PALLIATIVE CARE

Mr. Jim Gouk (Kootenay—Boundary—Okanagan, Canadian Alliance): Mr. Speaker, the third petition actually contains approximately 10,000 signatures from the west coast of British Columbia right through to Atlantic Canada, although it originated from a group of very conscientious volunteers in my riding.

The petitioners are concerned about the lack of palliative care, the care for those who are dying. They call upon parliament to collaborate with the provinces to provide funding to provide for home care and pharmacare for the dying. They also request collaboration with them for appropriate education and training for all members of end of life teams, for the provision of financial assistance and job protection for family members who provide care for the dying as recommended in the Carstairs report. This petition has 10,000 signatures and more will follow.

EMPLOYMENT INSURANCE

Mr. Greg Thompson (New Brunswick Southwest, PC): Mr. Speaker, thank you again for recognizing this poor little corner of the House. You have been more than generous today.

This petition, pursuant to Standing Order 36, petitions the House as follows. The petitioners draw the attention of the House of Commons to the following: that the two week waiting period for employment insurance benefits is causing undue financial hardship for many families; and that the two week waiting period system means families must wait four weeks before obtaining their first employment insurance benefit.

● (1515)

Therefore the petitioners call upon parliament to revise the employment insurance regulations to remove the two week waiting period.

Just to summarize, the two week waiting period to us does not mean a lot, but people earning minimum wage it means a lowly \$120 a week benefit. It puts their family in a very difficult set of circumstances in terms of waiting periods. In other words, they cannot afford to buy groceries or heat the house, so we are calling upon parliament to do something about it.

The Speaker: The hon. member for New Brunswick Southwest, despite his protestations about this corner of the House and so on, is an experienced member. He would know beyond most of us that reading petitions is not on. Indeed he should give a summary as he did at the end.

I heard him reading. I know he knows that is against the rules. I know in future he would not want to set a bad example for the newer members of the House and would want to comply with the rules in every respect and give a summary instead of reading his petitions.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

* * *

REQUEST FOR EMERGENCY DEBATE

AGRICULTURE

The Speaker: The Chair has an application for an emergency debate from the hon. member for Brandon—Souris.

Mr. Rick Borotsik (Brandon—Souris, PC): Mr. Speaker, once again I would like to put forward to you in your good graces the opportunity under Standing Order 52 to entertain an emergency debate in the House with respect to what is happening in agriculture today.

Unfortunately no programs have come forward recently from the government side of the House that would allay some of the problems with respect to the financial difficulties and the urgency that farmers face, programs that they are calling for now for spring seeding.

I would simply like to have an opportunity, not only for our party but for other parties in the House, to put forward their views on how the situation could best be resolved.

Under your good graces, Mr. Speaker, I do wish that we could have an open debate, an honest emergency debate on this very crucial issue.

SPEAKER'S RULING

The Speaker: The Chair has considered the request of the hon. member for Brandon—Souris very carefully and is satisfied that the request appears to meet the exigencies of the standing order.

Accordingly I am disposed to permit a debate under Standing Order 52 on the question of agricultural policy as raised by the hon. member.

However, in considering it, the Chair has certain options available to it. One is to defer the debate for a further time. I am inclined to do that until tomorrow evening. That gives the Chair additional

Government Orders

latitude in that instead of starting the debate at 8 o'clock, it could start at the conclusion of the votes that are scheduled for tomorrow evening at the time of adjournment.

Accordingly I propose that the debate will start at that time and will continue to no later than the hour provided in the standing orders, namely midnight. There will be a debate on this subject for all hon. members.

GOVERNMENT ORDERS

[English]

FINANCIAL CONSUMER AGENCY OF CANADA ACT

The House resumed consideration of the motion that Bill C-8, an act to establish the Financial Consumer Agency of Canada, and to amend certain acts in relation to financial institutions, be read the second time and referred to a committee.

Mr. Ken Epp (Elk Island, Canadian Alliance): Mr. Speaker, I am delighted to continue my speech, which I began before question period today.

I also thank you, Mr. Speaker, for giving us the privilege of debating the issue of agriculture. I commend the member from the Progressive Conservative Party for once again raising that issue. It is an issue which is very important to all of us who are representing ridings that have a fair number of farmers in them. We look forward to that debate tomorrow evening.

To continue with our debate on Bill C-8, the act to establish the financial consumer agency of Canada, before we were interrupted I was talking about some of the issues that are dealt with in the bill. As I indicated, we are mostly interested in supporting the bill. It is a bill that is long overdue. If anything, we should probably chastise the Liberal government for not acting more quickly.

• (1520)

One of the things in the bill that I consider to be very important is that it does provide for more competition. I have observed over the years that not only myself personally but many of my friends and, since I became a member of parliament, a number of my constituents, appreciate having a choice.

We have had quite a bit of discussion about airlines lately, about the fact that with less competition we seem to be getting lower service levels from Air Canada. It would be wonderful if we had a very strong, viable competitor, because that would mean we would then get better service as consumers.

The same thing is true in the banking industry. It has happened to me more than once in my life that I have been displeased with the way I was mistreated by the banks on certain particular issues. I

Government Orders

had, in every instance, the option of saying to that bank "I am out of here, you are done" and saying that I was not accepting its low level of service and the way it treated me. I did that. I will not mention the specific banks. I have dealt with several. I have always appreciated the opportunity to go to a competitor.

It just so happens that I have now been a member of the credit union in my community for a large number of years. I should not use this venue to advertise for the credit unions, but I am glad that this legislation will provide a greater ability for credit unions to offer good competition to the banks. I have found the credit unions very responsive to the needs of their members. That is because instead of being owned by big investors somewhere, they are actually owned by the people who bank there. We have membership meetings. We have shareholders' meetings, and we can go to them, listen to the reports and put forward motions. We can make suggestions to the board of directors, which usually tries to respond to them. Sometimes, of course, they cannot because of various restrictions being put on them.

I like the fact that in Bill C-8 there is more opportunity for competition. The rules for starting up new banks have been made more favourable. The requirement that a group now needs to have only \$5 billion capital in order to start up, as opposed to the previous \$10 billion, is a good forward move. There is a reduction in the requirement to have 75% of the board of directors be Canadian. That is reduced to 66%. That is a good move because it permits people from other countries to participate as well in establishing competitive banks in this country. I believe that can only help our own domestic banks to provide better service.

There is also, of course, a better and a more transparent process for merging existing banks. We support in general the legislation that is being proposed on that account.

There is also an improvement to consumer protection in the bill. One of the things we struggle with as members of parliament is what happens when a constituent comes to our office with a complaint against a specific bank. There are some cases that are very difficult to deal with. There are some that are impossible as they are legal matters and we cannot deal with them. Sometimes we find that just being able to show support for the person to the bank or the banking ombudsman helps to get these problems solved.

The new legislation in Bill C-8 requires that all banks and financial institutions have in place complaint procedures. In other words, they cannot just do this on an ad hoc basis. They must actually come up with a formal procedure for dealing with complaints, which must be reported to the Office of the Superintendent of Financial Institutions and is subject to review.

There is a very good consumer protection change in the bill which has to do with the Canada deposit insurance. Until this bill is passed, banks are required to hold insurable deposits. That is now being changed so that the banks themselves will be insured

institutions, so I believe that in general there is greater protection for consumers and for depositors.

• (1525)

There is also better access to the access to payments system. This is a great improvement. There are a lot of financial institutions that are not banks but transfer great amounts of money to Canadian citizens, for example, investment firms, life insurance firms and so on. With their ability to access the payments system there is better service for consumers at a lower cost, because it basically cuts out one of the middlemen in the transaction. Giving access to the insurance companies, trust companies and others means that they can actually set it up so that they can transfer money directly into recipients' accounts, on an annuity, for example, without having to go through the bank, thereby saving money. It should be a more reliable and efficient service. We support that move.

Insurance companies are a vital part of our financial base in the country. They are important. They are one of the pillars of the financial structure. I am sure that essentially everyone in the House and, I would hope, everyone listening on TV or hearing this later on, will take the time to make sure that they have insurance in place. It is a very important thing to protect families and others. Here again, Bill C-8 provides for a more equitable system for establishing new insurance companies. There are lower capital requirements, which hopefully will increase the amount of competition and thereby improve service for Canadians.

Finally, there are some other protections for consumers in the Office of the Superintendent of Financial Institutions.

All in all, this bill is worthy of our support. We should probably make sure that it gets to the finance committee as quickly as possible. Hopefully, interested people who have identified some amendments they would like to see included in this 900 page document will appear before the committee and show us, chapter and verse, what needs to be amended. We as a committee will then consider that and hopefully the outcome will be a new structuring of financial institutions in Canada, which will make them strong in the long run, give us great financial stability in the country and make us a major competitor in world markets.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, when the hon. member started his speech prior to question period he mentioned the thickness of the bill and its 900 pages. I am wondering if he could elaborate how his party or parliament should break down this 900 pages so that it is easily explainable to the people of Canada because, as we know, the bill covers over 4,000 statutes. It changes literally everything that we do in parliament when it comes to financial concerns. I am

wondering whether he has an easier solution to how we explain this to Canadians so that everyone in the country can understand exactly what is happening with this very important legislation.

Mr. Ken Epp: Madam Speaker, it is very difficult to compress into 2 or 3 pages what is contained in 900. It is true that a lot of it is technical and in great detail. Some of the concepts in the bill can be expressed in a sentence or two. I think that what we need to do is make sure that consumers, customers of the banks, ordinary citizens, are aware of the avenues they can use if they have a complaint. They should also have full access to the ombudsman's office. I would recommend that banks put into their offices signs, phone numbers and addresses of websites people can visit for more information, or to find relief for their complaints if they have complaints, or where they can offer suggestions for better service from their banks.

• (1530)

We must also remember that banks right now are competitive. It is not in their interest to do things that would send customers to other banks, which, as I said in my speech, some banks have done to me in my lifetime. It is usually in their interest to keep their customers. We must rely to a great extent on the banks themselves to communicate with their customers and to treat them in a way that will keep them there.

As far as parliament is concerned, in communicating this to our constituents the best we can do is to pick some of the highlights, write a short summary, put it into our local papers or into our householders and hopefully it will get through.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, the hon. member stated that we should rely on the banks to treat their customers properly. As he probably knows, the Scotiabank recently gave out \$500 to \$5,000 cheques to unsuspecting customers throughout the country. These elderly citizens thought it was either a gift or a donation from the bank, when in reality it was an unauthorized cash advance on their Visa cards.

When the Scotiabank does something like that and when the business editor, John MacLeod, of the *Daily News* mentions his outrage at this, how can we honestly trust the banks to do the right thing in all circumstances?

My question for the hon. member is, if the Scotiabank attempts to get away with something like that on unsuspecting customers, should there not be legislation in place to ensure that no bank or major financial institution can get away with so-called negative option billing or these so-called goodies out of customers who are unsuspecting?

Mr. Ken Epp: Madam Speaker, one of the dilemmas legislators face, of course, is to what degree they should pass legislation to protect people from their own negligence. If I get a cheque from

Government Orders

someone, especially from a bank, I will read it to see what the fine print says. We all know good and well that there is no such thing as free money. That should be an alert right there. I would think that the primary responsibility is with the consumer in this case.

We do that in other areas. We cannot buy any other product without the company presenting it in such a way that it will keep our business.

If I were one of the people ripped off by the Scotiabank in that way—and I would use that characterization of it—I would just go to a different bank. I would tell the bank that I was done with it, that I wanted my money back and that I was going elsewhere. I know some people cannot do that because only one branch of the bank is close to them and the next one is far away, so they have limited options.

I would again say to the banks that if they do things like that they are only inviting legislators, like the House of Commons, to pass rules that restrict them in how they can advertise their business. They need to use their heads. The other thing open to consumers is a giant class action suit, after which the banks would never repeat it again.

[*Translation*]

Ms. Pauline Picard (Drummond, BQ): Madam Speaker, as this is my first speech in this new parliament, I want to congratulate you on your appointment to the Chair. I also wish you the best of luck.

I would like to take this opportunity to thank all my constituents and assure them that I will always be available and proud to represent them in parliament.

• (1535)

On February 7, the Minister of Finance reintroduced his bill to reform the financial services industry in Canada. Last spring's Bill C-38, which died on the order paper when the fall election was called, therefore became Bill C-8. Today, we are resuming second reading of the bill where we left it off. This new legislation, which will henceforth govern the financial services industry, will probably be passed in June at the latest.

Bill C-8 introduces a number of new provisions, including one on bank ownership. First, under the proposed legislation, a single shareholder will be able to own up to 20% of voting shares in one of the five major Canadian banks. The ceiling is now 10%.

Second, single shareholders will be able to control smaller banks with assets between \$1 billion and \$5 billion, such as the National Bank and the Laurentian Bank in Quebec.

Third, businesses and individuals will also be able to create their own banking institution.

Fourth, the new bill leaves the door open for major banks to resort to mergers, something they have been doing for a very long

Government Orders

time. But the bill provides for public hearings at which the institutions concerned would be required to defend the merits of transactions for the common good.

I am pleased to speak to Bill C-8, an important bill introduced in this new parliament. However, although I am in agreement with the spirit of Bill C-8, I am surprised to see that the changes we have been told about do not appear in the body of the supposedly amended bill. These changes consist of guidelines. This is where we have a problem.

Everyone is aware of the Bloc Québécois' interest in amending the legislation governing financial institutions. We contributed to the debate by submitting a brief, because we believe in the need for a legislative environment which helps to increase the capacity of our financial institutions to deal with global competition.

Foreign incursions into Canadian financial services markets are already an undeniable reality. In recent years, a number of foreign banks have established a presence in certain areas, such as electronic banking, credit cards, bank investment services and discount trading. In this era of globalization, they are competing with Canadian banks on their own turf.

As I have said, the Bloc Québécois wholly subscribes to the spirit of the new legislation and to a number of its provisions. That said, certain problems we found during the last legislature are still present in the new bill. Even if we note a considerable change as far as the demands of the Bloc Québécois and Mr. Landry are concerned, the four points are not incorporated into the bill but into the guidelines on the reclassification of former schedule 1 banks with assets of under \$5 billion.

I would like to tell the hon. members what the applicable criteria are. These are: the safety and solidarity of the bank, direct or indirect employment, location of the bank's decision-making and administrative centre, consumer requirements, the bank's business and activities, and the bank's future prospects in a global context. These are the elements set out in the guidelines, but not in the bill itself, which concerns us somewhat.

Examination of the bill in its entirety also shows the frequency of loopholes such as "the minister may, if he sees fit" or "provisions of the act cease to apply if the minister should so decide".

• (1540)

There is too much room for discretionary powers for a single man, namely the Minister of Finance. Wherever there are provisions on banks, insurance companies, trust companies, and the financial sector as a whole, the minister reserves the right to alone decide, from criteria known to him alone, whether an operation is unacceptable or not. He defines certain concepts, such as low-cost

deposit accounts. It is unacceptable that this discretionary power has such sway, more even than the law itself.

In general terms, we would have preferred greater clarity in the decision making process and greater detail on certain concepts, such as low-cost deposits for the disadvantaged.

As regards consumer protection, the Minister of Finance remains vague and expresses more wish than real policy. The bill contains a number of provisions intended to protect and empower consumers of financial services. However, most of the groups heard in committee feel that these provisions are vague and will complicate the agency protection mechanisms.

Among others, there are provisions that intersect or overlap provisions of Quebec's consumer protection legislation. We oppose this. Consumer protection is exclusively a provincial matter.

However, protection specific to the banks can be a federal matter. But when we talk about consumer protection or the protection of personal information, this is a provincial matter, exclusively.

This bill talks of new intrusion by the federal government in areas of Quebec's jurisdiction. The Government of Quebec is, however, well covered by an array of laws. They include the consumer protection act, the personal information protection act, the insurance act, the trust companies act, the Quebec savings companies act and the credit and securities act.

All of these acts contain elements of consumer protection. How then will consumers know which legislation applies? Will the Quebec consumer protection act apply in a specific case? Quebecers might wonder when they look at the federal legislation and the laws we have in Quebec. How is one expected to know which act shall prevail? Will it be the Quebec consumer protection act or the new federal legislation? It is really not clear. Let us not forget that legislation respecting consumer protection is provincial legislation.

Consumer protection also concerns another group, namely the poor. The bill provides a definition of "low-fee retail deposit account". Can anyone tell me what is meant by a "low-fee retail deposit account"?

According to the Minister of Finance, these so-called low-fee retail deposit accounts will ensure accessibility to financial services for low income people. Even though I got a Bachelor of Arts degree, I still cannot figure this one out.

No one knows who will be entitled to such an account, except the minister. No one knows if that account will be accessible everywhere, except the minister. Why? Because all these issues will be covered by regulations. One must really have confidence, or else ignore what is going on. We cannot understand, because the bill does not provide explanations.

• (1545)

The government is saying “Trust us. This will be covered in the regulations”.

This is all we have to go on for now, but it is not an assurance that consumers will be better protected under the new legislation.

When a branch closes and there is a reduction in services available to consumers, all the bill requires the bank to do is give six months’ notice. Whether the bank is being closed in one, two, three or four months, it is still being closed. What good is this provision?

How can the minister say that such a weak provision ensures increased accessibility to financial services? The Minister of Finance is the only one who thinks so.

Let us imagine the case where a bank in a given region decides to close its doors because it is not doing enough business. We say that there is nothing in the bill guaranteeing the community that the bank must provide services. The bill says that the bank must give six months’ notice before closing.

Is this good enough for the community served by this bank, when it was the community’s savings that improved the bank’s bottom line? One day, if business is down, the owners say: “We will restructure it, move it to a larger centre. You folks can find somewhere else to bank. We gave you the required notice and now we are closing”. This is unacceptable and it is not looking out for consumers.

When it comes to the real social and community role of banks, we would have liked the Minister of Finance to have paid attention to the proposals submitted by the Bloc Québécois member for Hochelaga—Maisonneuve concerning reinvestment by banks in the community. I know that my colleague will be speaking to Bill C-8. We will have an opportunity to hear him.

In addition to the problems for consumers, there is a major problem in this bill with respect to ownership of major banks and financial institutions in Canada.

At this point, I should mention the bill’s flexibility in allowing financial institutions to pursue their activities, and to deal with competition and globalization.

However there is a difference between the flexibility found in some aspects of the bill and the fact that some of our financial and banking institutions could be literally turned over to one investor who could gain total or near total control over these institutions or their management.

What we do not understand, and there lies the rub, is that in the case of the largest bank in Canada, the Royal Bank, one individual

Government Orders

could own 20% of the shares? It used to be 10%. Now the percentage has climbed to 20%.

The reason given by the minister for not allowing more than 20% is that, in his view, it could be dangerous if one shareholder owned more than 20% because he could take control. One individual could take control of a major bank, a foreign investor could take control of the Royal Bank.

But in the case of the largest bank in Quebec, the National Bank, which is a medium size bank, one individual could own 65% of voting shares.

Why such a difference? Why such discrimination?

• (1550)

Why should it be more dangerous in this case? The minister says it cannot be raised to 30%, 40% or 50% for the largest bank, the Royal Bank, because it could be dangerous.

But in Quebec, the National Bank, which holds the business assets of Quebecers, could be bought by one individual who could own up to 65% of shares. In this case, it is no longer dangerous?

Why allow one individual so much control over the savings of Quebecers? This does not make any sense.

In some of the clauses I have read, they say it is not serious, that the National Bank has got to about \$4 billion and will be governed by the rules for the major banks, where a shareholder could not hold more than 20% of voting shares.

Before this could happen, the Minister of Finance reserves the right to examine the entire situation and it could take up to three years before the bank could be allowed to come under the 20% rule.

During those three years, what is there to stop a foreigner from coming here and making use of the 65% rule to acquire all the power and then transferring the head office and all specialized jobs? The bank would be subject to foreign interests or a foreign business.

Why is this dangerous in one instance and not dangerous for the National Bank? We still wonder, why take the risk? Why two different measures, one for the big banks and one for the medium size ones? In this case, the risks are the same.

We have other criteria to add to this bill, and will do so via amendments.

Reference has been made to the guidelines. These are not part of the bill, but rather an aside, and the Minister of Finance reserves the right to apply them or not, as he sees fit. It is not reassuring to us that they are not an integral part of the bill.

The Minister of Finance of Quebec had sent a letter to the Minister of Finance of Canada calling for him to take these provisions into account, in order to reassure the consumers of Quebec and the people with savings. In his letter he wrote:

Government Orders

To ensure that a merger of the major banks is in the public interest, there is provision that such a merger will subject to a process of examination and that approval for the amalgamation will be subject to certain predetermined criteria. If this approach is necessary in the case of a bank merger, a similar approach is all the more justifiable when an individual is allowed to hold more than 20% of the voting shares of a low or moderately capitalized banks.

Public interest should be defined, in the present instance, according to the following criteria:

—The effect of the change on the activities of the banks, including available services.

—The effect of the change on employment at head office and in the branches and including professional jobs or those requiring particular expertise.

—The effect of the change on the regional economy and on the region's technological development.

These are the criteria we want to see and this is why we will be making amendments. I hope the government will support them.

• (1555)

[*English*]

Mr. Gurmant Grewal (Surrey Central, Canadian Alliance): Madam Speaker, congratulations on your new appointment as Assistant Deputy Chairman of Committees of the Whole. I will be sharing my time with the hon. member for Richmond who is about to make his maiden speech.

I rise on behalf of the people of Surrey Central to participate in the debate on Bill C-8, an act to establish the financial consumer agency of Canada and to amend certain acts in relation to financial institutions.

I am proud to do this because the financial services sector is the largest sector in the British Columbia economy. Our largest banks employ about 26,000 people in British Columbia. Banks in Canada employ about a quarter million people directly and contribute approximately \$80 million a year to charities in Canada and about \$4.5 billion annually in taxes to our provincial and federal governments.

Despite the contributions that the banks and other financial institutions make, they are a sound foundation as the backbone of our economy. Our banks, trust companies, credit unions, mutual funds, insurance companies and others are very important to our economy.

The bill proposes to address the calls to modernize Canada's financial services industry. Canadian consumers of financial services have demanded a more competitive environment while our banks have been seeking approval to merge and to have more flexibility in the way they structure their operations.

The bill is an attempt to catch up to other countries that have made changes long ago to their financial services industry. The Liberal government has been dragging its feet on this matter for about seven years. This is too bad because our financial institutions

must have the ability to make long term plans for the future. Once it is passed into law, we hope the bill will give our banks the opportunity they need to perform long term planning. I doubt that will happen because of the five year sunset clause in the bill.

My colleague from Prince George—Bulkley Valley has a great deal of experience and has been of great assistance to the official opposition working on our financial services policy group. The official opposition wrote a banking report in November 1998 entitled "Competition: Choice You Can Bank On". The report forms the backbone of our financial services policy. It is a very good and detailed report.

The bill addresses some of the changes we on this side of the House have been pressing the government to enact. The official opposition has been carrying the flashlight to show the Liberals their darkness. After ridiculing our policies they have been stealing them from time to time. We encourage them to steal more of our policies, but unfortunately they do not get them right.

I understand that my colleague on the Canadian Alliance financial services policy group will be pursuing the government with amendments to the bill at committee stage. We hope the government will show some respect for what we propose.

We recognize that a strong financial services industry is essential to Canada's economic well-being. This means we need strong banks, insurance companies and other financial institutions. We need to create an environment for our financial institutions to flourish domestically and have the ability to take advantage of opportunities in the global economy.

Canada has one of the safest financial services systems in the world. We urge the government to ensure that these consumer benefits continue and not be changed or lost.

Outside the House critics of the bill are saying that in the past five years there have been many changes to the world financial system. The bill has been left behind. The bill used to be Bill C-38 which died on the order paper. It does not go far enough to bring our banks up to date with what is going on in the world.

• (1600)

International changes since 1996 are not reflected in the bill that is largely the same as what the Liberals introduced in 1996 but allowed to die on the order paper. They have been trying to pass the bill for far too long. It is out of date in many ways.

There are some who say that the bill is too little too late for our banks and that it will not help to strengthen the performance and competitiveness of our banks at home and abroad. They have already lost ground and they will not be able to make up those lost yards.

Other countries are well ahead of Canada. The United States has allowed its banks to merge with insurance companies. The Liberals insist on leaving it to their finance minister to decide what mergers can go ahead and which cannot.

By lowering the amount of money required to open a bank, we hope that the legislation will allow more banks to be set up in rural areas of Canada. The smaller the capital the more encouragement for institutions to jump into it.

The bill should enhance consumer choice by allowing insurance companies and mutual fund firms to use bank cheque clearing systems. If the banks take over the auto leasing and insurance industries they may hurt our economy since a significant amount of jobs are created by small businesses like car dealerships and independent insurance companies. The further entry of banks into the insurance and auto leasing markets should only be allowed if major auto financing and insurance companies have access to the Canadian Payments Association which they have been requesting. Banks must not have a competitive advantage over auto leasing and insurance companies. There must be a level playing field for all competitors within a given market.

The Canadian Alliance supports the creation of a holding company structure where banks will be able to remove some of their non-banking operations, such as credit card businesses from bank regulations, by establishing separately regulated holding companies. This new structure would allow our banks to compete more effectively against foreign non-bank competitors.

We support increased access to the payments system so that life insurance companies, money market mutual funds and securities dealers will be allowed access to increases in consumer choice.

We support expanding the role of credit unions. I can say that because for about three years, before becoming a member of parliament, I was a director of the second largest credit union in Canada. I saw the environment from the inside. I know that the credit unions are not getting the same support as the financial institutions. They are not only consumer and community oriented, but they also have a good network of branches that help people at the community level.

We are disappointed that this measure is not included in Bill C-8 despite the recommendation in the MacKay report to allow for it. We believe that the government has failed consumers since this measure was seen to be a key point in increasing competition and benefiting consumers of retail banking, that is by the credit unions.

We are concerned about the measures in the bill that would regulate access to financial services. We are concerned about regulating branch closures. This kind of initiative by the Liberals is unnecessary red tape. The banking industry already considers it

Government Orders

good business practice to properly justify any bank closures and to give fair warning to the communities or their customers.

The bill also proposes a financial consumer agency responsible to the finance minister. These bureaucratic positions would be filled with Liberal appointments, like Mr. Lou Sekora, just as many other failed Liberal candidates have been given patronage plum jobs by the Liberals. We would support an independent ombudsman selected by the House with penalty enforcement powers and the ability to make binding directives when necessary.

• (1605)

In conclusion, we hope the Liberals will pay considerable attention and take our amendments seriously. We hope they will listen to the witnesses who will be appearing before the committee. We will support the bill with amendments, particularly in the areas of credit unions establishing co-operatively held banks; the tremendous power given to the Minister of Finance; the bureaucracy created by the new commissioner of the FCAC; and the regulation that demands banks to provide money losing personal accounts.

Mr. Joe Peschisolido (Richmond, Canadian Alliance): Madam Speaker, I take this opportunity to thank the voters and constituents of Richmond, which is I think the best place to live in the lower mainland of British Columbia, for giving me this opportunity to represent them and to be here today to talk about this technical but very important piece of legislation.

It is interesting that my maiden speech will be a rather technical one. However, I think it is important to say, as my friend from Surrey Central has mentioned, that the Canadian Alliance supports the general thrust of the legislation. We hope to offer constructive amendments to it at committee stage.

I will take this opportunity to go point by point in a little bit more detail than my colleague and talk about the position of the Liberal government and how we will be helpful in supporting where we believe support is necessary, and opposing in a gentler constructive way where we believe that opposition is necessary.

The member for Surrey Central talked about the Canadian financial services ombudsman. We all know that this agency would be responsible to the finance minister. It would be designed for all financial institutions. The Canadian Alliance believes that it will simply be another bureaucracy with no powers and filled with Liberal appointments. What we should have, and what the Canadian Alliance will follow through on at committee stage, is an independent ombudsman selected by the House with our colleagues, with the powers of penalty enforcement and also with the power to make binding directives to the banks.

I will also talk about the holding company structure. The Canadian Alliance does support this new structure because it would

Government Orders

allow Canada's banks to more effectively compete against foreign non-bank competitors and other alternative financial institutions.

We have many financial institutions in Richmond. We have credit unions, the TD Bank and the Bank of Montreal. I was actually discussing this proposal with the bank manager of the TD Bank. We are in complete agreement with the bill on this and we will work very closely with the government to pass the legislation.

With regard to expanding the credit union role, I reiterate that we are disappointed that the government did not take the MacKay report into consideration when dealing with this point. The Canadian Alliance supports the move to restrict widely held ownership to 20% because we think it will strengthen the global position of Canada's domestic banks.

To go back to Richmond riding again, we have the TD Bank and the Bank of Montreal. We have a wonderful opportunity to move in not only south of the border, where we have many integrations occurring in the financial services, but if we are able to pass the legislation, we can be world players in the international field, particularly in the Asian market.

On the issue of allowing smaller banks, we are talking about the minimum capital requirements to establish a new bank, trust company or insurance company. We support this initiative because it would provide more consumer choice, which basically is what this is all about.

• (1610)

We can talk about percentages and holding requirements. Even though we are in opposition we believe we are a constructive force. Ultimately we are trying to give the greatest choice to consumers at the lowest possible price. The greater the competition, the greater will be the incentive to have lower costs on service charges and on a variety of issues.

With regard to restrictions on auto leasing and insurance, the Canadian Alliance believes that the auto leasing and insurance markets are currently very vibrant and competitive industries. The banks must continue to be restricted from offering auto leasing and insurance products directly through their branches to avoid unduly concentrating financial power in their hands. We are talking about competition where we do not want a monolithic entity stifling competition and where we can have a variety of players in the field such as local brokers.

I have a variety of local insurance agents in Richmond. They work very hard to give the best possible price and products to the people of Richmond. I am sure we have hard working brokers across the country. I take this opportunity on behalf of the Canadian Alliance to congratulate the hard working men and women who work within these industries.

With regard to regulating access, my friend talked about the new regulations that would set lower ID requirements for opening accounts and proof of employment would not be a requirement.

This is excessive red tape. It is an issue that is not being properly addressed. Let us allow the industry to address it. We believe it is an area that the government should not be delving into. Let us allow the forces at play to deal with it.

We applaud the government side for finally dealing with this issue. As my friend from Surrey Central mentioned, we must have a very strong and vibrant financial service so that our whole economy can function properly. We are a bit disappointed and saddened that the seven year process has occurred with a lot of political manoeuvring rather than sound business economic decision making. However, I am sure that in committee stage we will be able to work very closely with the government to make sure we come up with a top notch bill.

Mr. Dennis Mills (Toronto—Danforth, Lib.): Madam Speaker, I congratulate the member for Richmond on his maiden speech in the House of Commons. Let me be a bit partial toward this member for just a brief moment. We have an alumnus past together at Saint Michael's in Toronto. I celebrate that part of his life. It is just too bad that somehow he ended up with the Canadian Alliance. He had a strong tradition of real liberal values and I can only hope that his upbringing and his education will be a moderating influence on the Canadian Alliance.

The member represents the riding of Richmond but he also has deep roots in the greater Toronto area. I humbly point out to the member that it is important that financial institutions be reminded constantly that we on all sides of the House are attentive to the treatment of and access to capital for small businesses.

I was hoping that perhaps the member would stand in his newly minted role as the member for Richmond and commit a large part of his time to making sure that our financial institutions are very vigilant in looking after small businessmen and women and their access to capital activities.

• (1615)

Mr. Joe Peschisolido: Madam Speaker, let me thank my friend from Toronto—Danforth for those very kind words. One thing my friend did not mention is that we may have gone to the same high school but my friend may have gone a few years earlier than I did.

There is a note saying that the youth looks at things in a very passionate and emotional way and then they simply grow up. In response to my friend's questions on my meanderings and my moving over on the political spectrum, perhaps I simply grew up and looked at things the way they ought to be looked at.

I share my friend's concerns about the importance of providing capital to small business. We have talked about big business. The Prime Minister is off to China trying to get contracts for big

Government Orders

companies. That is a legitimate thing to do, if they are actually able to get them. However, no reputable economic thinker disputes the importance of small business to the strength of the economy. If we cannot have access in a fast and efficient way at rates which are competitive, we are not going to do things in a good way.

Let me simply thank my friend across the aisle for his comments and say that we will work together. I am sure all of my colleagues in the Canadian Alliance would agree that we need to have a strong financial services sector with banks and financial institutions that offer loans to the small businessman and woman.

Mr. Pat Martin (Winnipeg Centre, NDP): Madam Speaker, I am glad to have the opportunity to join the debate on Bill C-8. As has been pointed out by previous speakers, the bill is a reincarnation of Bill C-38 which died on the order paper last fall at second reading.

We can tell by the amount of debate in the House on this bill already today that there is great interest among all Canadians to see reform of our financial institutions and the whole financial sector. This stems from a growing feeling on the part of Canadians that our current financial institutions are failing to meet the needs of the average Canadian.

There is a growing sense that our chartered banks, which most people grew up with as symbols of stability, that they were something to be proud of and which were given charters for specific reasons, are failing to meet their mandates under the terms of which they were given their charter.

We all know that the five chartered banks have an exclusive monopoly on certain financial transactions, for instance, the right to process credit charges. These profitable transactions are huge. This is a sector that they have been given exclusive right to and the trade-off was that they would meet the needs of the average Canadian community and the average Canadian citizen for their basic financial services.

I can begin by saying that in the riding of Winnipeg Centre that has been anything but the case. In fact, there has been a flight of capital from the inner cities across the country, Winnipeg Centre being no exception. There is almost a seemingly vote of non-confidence in our communities as people watch these institutions fold up their tents, leave and not provide the basic services that they were charged with the responsibility to offer. In fact, they are doing anything but that. As was pointed out by the previous speaker, small businesses are not given a loan unless they can prove that they do not need it.

More and more of the basic financial services, such as having a neighbourhood branch within a reasonable distance for senior citizens or people of low income, are getting to be a thing of the past. These services are being taken over by ATMs or by large

corporate branches that may be in the centre of the financial district, but they are not in the communities and they are not in the small towns in and around rural Manitoba.

• (1620)

There has been a growing resentment over this trend of bank closures. This came to light a couple of years ago when the banks were anxious to merge to form even larger institutions. Many Canadians mobilized at that time, specifically to stop the bank mergers. However, other realities came to the forefront. There has been a growing frustration with not only the lack of services in the communities. It forced Canadians to have a really serious hard look at what our major financial institutions were or were not really doing for us.

It has even mobilized people who own shares in the various banks. There is a growing shareholder movement among people who own shares in the five chartered banks. I had the privilege of going to two of the national shareholders' meetings recently. I never thought in my wildest dreams that I would be going to a shareholders' meeting of the Royal Bank or the Bank of Montreal. I do not own shares in either of those institutions, so I had to borrow some proxy votes in order to crash the gates and get in.

Our point was that at a time when the banks seem to be operating on their own and without any input from the Canadian people who cause them to be, we needed to seize the issue somehow and put a little bit of democracy back into the corporate system. In other words, if we were unable through our elected institutions to coerce the banks into doing their job of servicing Canadians, perhaps if we mobilized through a shareholders' rights movement we could coerce the banks into doing the job that they were hired to do or they were given the exclusive right of some financial transactions in exchange for.

It was rather interesting. I do not know, Madam Speaker, if you have ever been to a shareholders' meeting of one of the major chartered banks. Probably many of the people in the room have. I certainly had not. I was very surprised that as many as 1,400 people crammed the hall in a major hotel in downtown Toronto to attend the meeting. I thought it would be like other meetings of its type that I had been to, like union meetings where people would move a motion, have it seconded, debate it and the motion would either pass or fail based on its merits.

In actual fact, nobody there seemed interested in talking about very much except for the actual returns of that quarter of that actual fiscal year that was being reported on. We went there with a number of people who moved real motions that we thought would benefit the average Canadian. There were only nine resolutions put forward in the whole meeting. We moved all nine and I seconded all nine.

Government Orders

One of the resolutions was to limit the salary of the CEO of the bank to ten times that of the average employee, which he thought was kind of an innovative move. It was quite a fair resolution too when one thinks about it. If the average employee makes \$40,000 or \$50,000 a year working for the banks, the CEO would then get 10 times that or \$500,000 or \$600,000 a year. We would think that is pretty fair compensation.

That motion did not pass. We seconded it and argued it aggressively as to why that would be more fair. We even pointed out that the average CEO of a Japanese corporation makes 10 to 13 times that of the average worker of the enterprise over which they govern. In the case of the bank presidents of the Royal Bank and the Bank of Montreal that figure is 80, or 90 or 120 times the earnings of the average employee. Those are wildly and grossly inflated salaries to reward these bank presidents for doing what? For cutting off access to services for average Canadians. This seemed to be their reward.

Granted there were record profits involved and quarter after quarter they were making more money, but all the time they were raising service charges, closing bank branches and denying basic services like loans to small businesses. No wonder they were making a profit and rewarding each other very handsomely.

When we looked at that structure, no wonder they were voting each other big raises. They all seemed to sit on each other's boards of directors. I learned a lot when I crashed that shareholders' meeting. As a socialist and a trade unionist, attending a shareholders' meeting like that was a real education.

We learned that one of the boards of directors of the bank, I believe the Royal Bank, George Cohon, the CEO of McDonald's, sits on 50 other boards of directors. Each one of those boards meets about 10 times a year. That is 500 board meetings a year that presumably one would have to attend, but nobody can do that. The only board meeting one really has to go to is the board meeting when they vote on a raise for the board of directors. Then the other members of that board will come to that board of directors meeting and vote for a massive raise.

● (1625)

It becomes an incestuous little circle of people who vote each other massive pay increases. That is what motivated us to try to interfere with that whole circular process and cap it off. Whatever rate of pay one is paying one's employees, one can pay oneself 10 times that, but that is enough. Frankly, we do not believe that banks deserve to be rewarded for cutting off access of Canadians to basic banking services. That is one of the shortcomings that we pointed out.

Another motion that we moved demanded gender parity on the board of directors; 50:50, female to male. We came close on that. It is really ironic that the person that moved the motion was a famous

Bloc separatist named Yves Michaud. He is the person whose motions I was seconding. The results of that vote were exactly the same result as in the last Quebec referendum, 49.6 to 50.4. There is something about that number that Yves Michaud seems to generate in people. I do not know if it is because he moved it. Perhaps I should have moved the motion myself. We thought that was a good idea. There was a great deal of interest.

One of the other motions that we moved was the very thing that I pointed out with the increasing of CEOs wages, salaries and compensation. Due to the fact that they all sit on each other's boards of directors, we also moved a motion that would limit the number of boards one could sit on to 10. If they all want to sit on each other's boards, let us make it a reasonable number. In this way we hoped to somewhat democratize the corporate structure and give the people who actually rely on the bank's services to some say on what the banks do or do not do.

In my riding of Winnipeg Centre, we have seen bank branches close in an almost epidemic way. The same is true for my colleague from the riding of Winnipeg North Centre. The banks are shutting down branches like there is no tomorrow in the hopes to increase their profits even more. The trade-off was supposed to be that we would give them the exclusive right to certain financial transactions in exchange for reliable adequate service and even some accountability to the community at large.

For instance, in the United States there is a community bank investments act which mandates that banks reinvest a certain amount of their profit into the community that they serve, even if it is not the most profitable venture, or a break even venture or marginal venture. If it is something of community interest, a non-profit group that wants to get started but is short of capital, the banks would be mandated by the community investment act to invest in at least some of these things to move the community forward for its own benefit.

Bill C-8 does one thing. It helps the credit union movement. I should say something positive about that. Many of those people are so disillusioned with the service, or lack of service, that they have been getting from the chartered banks. They have been gravitating toward the credit unions in order to get access to the financial service that every family and small business need.

One of the positive aspects of Bill C-8 is that it will finally allow a national structure for the credit unions, a credit union central, so that they would be recognized as an entity that way. We think that is a very positive step. We see it province to province. We have a Manitoba credit union central. Now there can be a national structure along those lines.

However, the shortcomings far outweigh those small benefits. Canadians are looking to the banks for support for the most basic of services and are being denied them. In a time when the banks are showing record profits, one would think that there would be some

feeling that they should be able to enhance their service to Canadians instead of continually reducing them in spite of record profits quarter after quarter.

• (1630)

Our position is that the banks have done nothing to deserve being rewarded with the additional freedoms they would enjoy under Bill C-8. We believe Bill C-8 would, in a small way, enable the banks to achieve what they failed to achieve recently under the bank mergers. It almost institutionalizes the concept that banks will eventually merge, in that it specifically talks about that eventuality and the possibility it would be dealt with in parliament.

Instead of being dealt with on a random ad hoc basis, it more or less contemplates that mergers sooner or later will be a fait accompli. Canadians recoiled at the whole bank merger idea. The society of seniors spoke out vehemently that they were concerned that if banks were allowed to merge further and get even bigger, their interest in serving the small homeowners or small businesses would be even less.

We all know that much of the profit the banks are making now is really from their offshore and corporate customers, not from the average citizen and the small mortgages that homeowners might enjoy.

Another thing that comes to mind, and I wish we had thought of it at the shareholders' meetings of the banks, is to protest the fact that when the Minister of Finance outlined the recent round of tax cuts, the announcement that the corporate tax rate will go down from 17% to 16% slipped by without very much notice.

I have heard different figures as to what effect this will have on the chartered banks. One figure that I heard is that as much as \$75 million a year will be kept by the banks as a result of that one percentage point change in the corporate tax structure.

I would ask the House of Commons and all Canadians what the chartered banks have done for us recently to deserve a reward like this, a kickback, if we will, of up to \$75 million per year that they will now be able to keep above and beyond the record profits that they enjoy quarter after quarter?

One might sense that I am quite critical of our financial institutions. We were hopeful that Bill C-8 would come down hard and advocate on behalf of Canadians. We expected the Canadian government to be champions of Canadians and not, frankly, to cater to the interests of financial institutions and give them the enabling legislation they might need to go through with what they failed to do last year.

Many seniors have visited me in my riding to tell me how disappointed they were that their local bank branch was closing,

Government Orders

and they wanted to know why. When they appeal to the banks they get a long, convoluted restructuring message on how the banks will be better able to serve their customers through e-commerce and ATMs, and that now people can bank on the Internet, switch on their home PCs and have all those banking services available to them.

That is not much consolation for a low income senior citizen on a fixed income. The seniors in my riding resent losing what they counted on as being part of their community and part of their neighbourhood. As I said in my opening remarks, it really looks like a vote of non-confidence in a neighbourhood when the local bank branch does not see fit to stick around because it does not sense enough economic activity to warrant keeping its doors open. What does a boarded up bank say about one's neighbourhood and about the viability of the town, the community or the inner city neighbourhood that one lives in?

Some people have called the attitude of the banks toward ordinary Canadians abusive and unaccountable to the community. What we had hoped to see in a bill dealing with financial institutions was a return to that accountability.

This reminds me of a parliamentary junket to Botswana that I was invited on. The outgoing president of Botswana, Masire, was one of those African leaders who really was committed to his community. It was one of those countries that was not corrupt and that worked hard in the post-war era to try to build a nation.

Masire had chartered banks in his country with the exact terms and conditions that we put on ours. That is what he said in a meeting with the minister, which we attended. However, the banks disappointed him and failed to meet their commitments in such a way that he said to hell with them. He said that he was going to invite the whole world to come and bank in Botswana because those to whom he gave that exclusive privilege had failed the country.

• (1635)

I am not saying we are at that point. I am not saying it is quite that drastic for us yet, but there is a growing feeling that we are giving chartered banks the exclusive right to some of the most profitable transactions. The processing of credit cards is one example. Every time a credit card is used the processing fee must be done by one of the chartered banks. If we give banks that exclusive right, we want something in return.

We do not want to see boarded up banks in our communities. We want a commitment to and reinvestment in our communities. Banks should take some of their record profits and do more than just donate to the Winnipeg Ballet or to some other arts program to improve their image. If they gave one-tenth of what they spend on TV advertising, which is a huge campaign to try to improve their

Government Orders

image, people might feel compensated for some of what they have lost in service.

There are huge gaps in banking law. There is a real need to address the overall picture and the way Canadians view the banks, whether in terms of providing services, the insurance aspect of things, what the banks have been trying to grab, or all of their financial activities. We need to put the reins on them in some respects.

The bill, thankfully, stops short of giving them all they have asked for in terms of being a single window shopping centre for all financial transactions, whether auto insurance, life insurance or whatever. We have not gone that far.

We want to see that banks with some accountability to the community and not just to their shareholders. If they are to be motivated by profit alone and by no secondary objectives whatsoever, why are we giving them exclusive monopoly on certain transactions?

I predict there will be a growing shareholders rights movement and that more people will be buying 100 shares of one of the banks so that they can crash the shareholders meetings, hijack the meetings and get some of the amendments we put forward through.

If Canadians were polled, they would be horrified that some people make \$8 million a year to run one of the chartered banks. The basic salary might only be \$1.5 million a year, but when stock options and shares are added up, they are making \$8 million to \$10 million a year for not really doing their job. Why reward people for failing to do the job they were asked to do?

Mr. Sarkis Assadourian (Brampton Centre, Lib.): Madam Speaker, I have two questions for the hon. member from the NDP. Could he tell the House what the return is on capital investment of banks? I want to know how much money they invest in total and how much they get in return. If he knows the answer to that, I would appreciate hearing from him.

Second, how much of the profits banks make came from service charges to consumers last year?

Mr. Pat Martin: Madam Speaker, I was a proxy shareholder at the shareholders' meeting. I do not have access to all the inside information that the banks might circulate on what their total revenue is or on the amount that they spend in the community. What I am sharing with the House is the frustration that Canadians feel over what they see to be a lack of services to the community and a lack of reinvestment in the community.

I can give graphic case by case examples of small businesses that could expand in my riding if it were not for lack of access to venture capital. They could expand and grow and hire more people

if they had better accessibility to capital. The banks are turning them down. The feeling is that if they cannot prove they do not need the money, the banks will not give it to them. In other words, if they need it they will not get it. If they do not need it, the banks will give them all they want.

I do not know if the intention of the member's questions is to act as some corporate shill for the banks. I do not think the banks need his help to defend themselves. They spend millions and millions every year running ads on TV trying to paint themselves as warm, fuzzy parts of the community.

• (1640)

Both the member who asked the question and I know that nothing could be further from the truth. Most of their profits are generated from their corporate and offshore accounts. I attended two shareholder meetings and learned that over 50% of their revenue was actually from their offshore activity.

There is very little money to be made in handling either ma and pa's bank account or the \$50,000 mortgage for some newlywed in my riding. There is no money in that, and they would just as soon get out of it and pass it over to the credit unions.

If that is their attitude, why are they being rewarded, every time we turn around, with exclusive rights to the financial transactions I mentioned or with another drop in the corporate tax rate?

The Canadian Taxpayers Federation is always talking about tax freedom day. On June 26 Canadians enjoy tax freedom day; they actually get to keep their money. There used to be a corporate tax freedom day, but it started getting in the way of New Year's eve. The parties started to blend together, so corporate tax freedom day was stopped because they were getting embarrassed. The New Year's eve party and the corporate tax freedom party would merge into one event.

Ms. Judy Wasylycia-Leis (Winnipeg North Centre, NDP): Madam Speaker, the member for Winnipeg Centre raised a very important issue that must be addressed by the House as we pursue Bill C-8. The issue has been invisible to date, and I am surprised that more members are not speaking up about the impact of bank closures on their communities.

I am talking about rural communities, isolated northern communities, inner city older neighbourhoods, and whole communities that have been abandoned by the big banks and that do not seem to be addressed in the legislation.

The member for Winnipeg Centre and I have experienced numerous bank branch closures over the last several years. Low income residents, senior citizens and small businesses are not able to get the services they need and deserve.

Government Orders

Would the hon. member have any suggestions for the government to improve the legislation? Would he support the idea of a moratorium on bank branch closures until such time as we can put in place proper mechanisms for addressing profitability and community viability? Would he agree with the idea enunciated by our colleague from Regina—Qu'Appelle about some form of obligation on the part of the banks to reinvest back into the communities that gave them their position of profitability in the first place?

Mr. Pat Martin: Madam Speaker, the hon. member for Winnipeg North Centre asked me the number of bank closures in my riding in the past seven years. I can give her the number since I was elected in 1997. Twelve branches have closed in my riding alone during that period. It is an epidemic. It is an absolute flight of capital from the inner city, or at least the presence of bank branches.

The hon. member also asked what we would have liked to have seen in the legislation that might have mandated some accountability or some reinvestment in the community from the banks that have been allowed to prosper under their exclusive privileges. There were repeated calls at the committee stage throughout the development of Bill C-38 to put it in language similar to the community reinvestment act of the United States.

The United States is the ultimate free market country. Nobody is saying that the community reinvestment act somehow gets in the way of the free movement of capital. It is a sensible restriction on banks. Yes, they can make profits and yes, they can prosper and flourish, but some designated amount must be reinvested into the community that gave them the profits they enjoy.

It would not have been difficult to do this. It is a huge shortcoming in the bill and a missed opportunity for us to be advocates and champions for Canadians instead of being champions for the big banks.

I use the term corporate shill. Are we shilling for the banks with this legislation? Is that what we are really doing, or are we standing up on our hind legs and advocating on behalf of Canadians?

• (1645)

Mr. Sarkis Assadourian: Madam Speaker, earlier I asked the hon. member for Winnipeg Centre two questions and did not receive any answers. I hope he takes a few hours tonight or tomorrow before he comes to the House to research the questions in order to give me the appropriate answers, because I am looking for them. They are very valid and important questions for the taxpayers of the country.

Mr. Pat Martin: Madam Speaker, it was kind of a non-question. I did take the hon. member's first questions very seriously but could not answer them with specific numbers. I do not think anyone in the House of Commons today could.

What we know is what Canadians are telling us. They sense that the profits are not going into the community, that the profits are sometimes leaving the country.

I have heard the argument on the other side that we all enjoy the benefits when the banks make money because we are all shareholders in the banks and that even if we are not personally shareholders, maybe the pension plan that we belong to with our union invests in bank stock, so we want them to flourish and prosper.

However, we also want something to go directly into the community. That is not an unreasonable request. When the banks are enjoying record profits quarter after quarter and do nothing about their service charges and the increase in fees, with an increase of up to 150% in recent years, it is no wonder they are making a profit. It is not unlike the Liberal government's EI system, whereby if government takes in more money than it gives out obviously there will be some left over. We want a tangible return to Canadians, a real hard return, one that benefits the community and not just the shareholders.

[Translation]

Mrs. Suzanne Tremblay (Rimouski-Neigette-et-la-Mitis, BQ): Madam Speaker, I am pleased to take part in the debate on Bill C-8, an act to establish the Financial Consumer Agency of Canada and to amend certain acts in relation to financial institutions.

This bill replaces Bill C-38, which as they say died on the Order Paper when parliament was dissolved last October, after the Prime Minister decided to call an early election, having not yet completed four years of his mandate.

To begin with, this is essentially the same bill. Bills C-38 and C-8 are twins. But they are not identical because, in addition to a few minor amendments to ensure a closer match between the English and French texts, there is a major change with respect to the demands made by the Bloc Québécois and by Bernard Landry, Minister of State for the Economy and Finance and Deputy Premier of Quebec, a change which would ultimately make the bill more acceptable by adding amendments anyway.

I was saying that the federal government decided to respond in part to the demands and expectations expressed by minister Landry by incorporating in its bill four points the Government of Quebec felt were important. However, these points were incorporated not in the bill itself, but in the guidelines on the reclassification of the banks listed in schedule 1 whose equity capital is under \$5 billion.

The guidelines that accompanied the release issued on the day the Minister of Finance introduced his bill, clearly stated that, and I quote:

Government Orders

Any transaction involving a recategorization will be considered on its own merits, and should demonstrate that it would foster opportunities for the bank to grow and better serve the customers of the bank.

In considering whether a proposed transaction involving a recategorization is in the public interest, the Minister shall take into account all matters that the Minister considers relevant, including:

- safety and soundness of the bank;
- direct and indirect employment;
- the location of the mind and management of the bank;
- needs of consumers;
- businesses and operations of the bank;
- and prospects for the bank in the context of the global marketplace.

● (1650)

However, since these elements were not included in the act, they could be changed by the minister who could, for example, yield to the pressures of powerful international lobbies.

That being said, I must say without any hesitation that Bill C-8 raises many questions in my mind. When I think about what I have seen and observed with this government over the past eight years, I am concerned. I am concerned by, among other things, the government's arrogance, its contempt for democracy, its inability to fulfil its own promises and by the ease with which it yields to the pressures of the well-to-do and crushes the poor. I could go on and on, because there are so many reasons to be concerned about this government.

Let us take a look at a few things that are scary in this bill.

Bill C-8 gives full power to the federal Minister of Finance to decide, alone, the future of Quebec banks.

With Bill C-8, the Minister of Finance will be able to decide alone, at his own discretion, the future of Quebec banks. I find it truly unacceptable that this discretionary power is as strong as if not stronger than the act itself.

The Bloc Québécois is concerned that a single shareholder could, with the agreement of the Minister of Finance, own 65% of the shares of the National Bank, the number one bank in Quebec. There is no need for the Minister of Finance to authorize this excessive control to ensure the flexibility of the National Bank. How is it that a shareholder owning 65% of a bank will give it more flexibility than 65 shareholders owning 1% each?

We need legislative guarantees against any negative impact these new ownership rules might have on employment, for example, on consumer services, on small business services, on decision centres and, most of all, on Montreal's role as a hub in the area of international finance. The stakes are just too high for Quebec to

rely on only one person, the federal Minister of Finance, especially since Bill C-8 offers no real legislative guarantees. As I said earlier, the bill does nothing more than list some elements to consider that do not go far enough and that are under the sole control of the Minister of Finance.

Even worse, it seems to me that the finance minister's bill is full of holes which should be cause for concern to any person of goodwill. Why must the government write such thick bills if it does not seek clarity? How will this government be able to judge the clarity of others if it is incapable of seeing its own lack of clarity? One factor which contributes to clarity is precision. See for yourselves. On page 55 of the bill, clause 385 sets out the public holding requirement for banks. However, we learn a little further on, in clause 388, and I quote:

On application by a bank, the Minister may, if the Minister considers it appropriate to do so, by order exempt the bank from the requirements of section 385, subject to any terms and conditions that the Minister considers appropriate.

As well we see that the provisions of the act cease to apply if the minister so decides. In other words, this is a bill with flexible parameters, one that will allow Ottawa and the Minister of Finance to decide unilaterally on the future of the National Bank.

It is not obvious that the federal Minister of Finance's bill as presented will ensure healthy competition in the national market. Yet this competition is more important to future economic development than striving to be bigger internationally.

● (1655)

But the Minister of Finance has decided to make legislation in favour of the big banks, even if by so doing he has to sell out the banks of Quebec, including the National Bank, the one known as the bank of small and medium size business in Quebec.

When I think of the way certain individuals, including the Minister of Intergovernmental Affairs and member for Saint-Laurent, want to see Quebec suffer, I tell myself this is a really powerful weapon in the hands of the federal Minister of Finance, if ever the federal government decides to act.

In this case I say to my fellow Quebecers, here is another really good reason, just one more, to create our own country, so that we can make our own decisions on what we want to do with our banks.

As regards consumer protection, the Minister of Finance remains vague and expresses more wish than real policy.

Bill C-8 will establish the financial consumer agency whose purpose, according to the finance minister, will be to protect consumers.

Government Orders

The Bloc Québécois is and has always been a protector of human rights and citizens as evidenced by the debate held in this House on Bill C-54 that dealt with the protection of personal information and died on the order paper in 1997 to be reintroduced as Bill C-6 and given royal assent on April 13, 2000.

I want to remind the House that Quebec already has several laws protecting consumers. For instance, there are the consumer protection act, the privacy act, as well as all the legislation on insurance companies, trust companies, savings and credit unions and securities.

This new agency will only create duplication in regulations, given all the measures that have already been taken by the Government of Quebec in this area which, need I remind the House, is under provincial and not federal jurisdiction.

The finance minister takes the credit for including in Bill C-8 a measure, the low-fee retail deposit account, as described in section 448.2, that would provide low income people greater access to financial services.

With regard to this famous low-fee retail deposit account, nobody except the minister knows exactly what it is all about. Nobody knows what are the prescribed characteristics mentioned in this clause and which would entitle an individual to a low-fee retail deposit account. Nobody except the minister of course knows whether such an account will be available everywhere, in every bank in Canada and Quebec.

How is it that, as we are talking, the minister is the only one who knows the answer to all these questions? It is very simple. The minister is the only one who knows, because all these issues will be defined in the regulations. As we are having this debate in the House, we do not have a clue about what will be in the regulations.

True enough, if the regulations had been made an appendix to the bill, it would have increased the thickness of an already voluminous piece of legislation. For the time being, all we have to go by is the minister's word.

Once bitten, twice shy, however. Members of this government have made so many promises during three election campaigns, in 1993, 1997 and 2000, without keeping their promises or being true to their word, that I must say the fine words from the Canadian Minister of Finance are not enough to be able to categorically state that consumers will be better protected under this new law.

I also question what is in the bill regarding branch closure; I wonder what will happen with the reduction in services available to consumers. The only measure provided by Bill C-8 is that a bank must give a four month notice before closing a branch.

Before, people learned about the closure the very morning their branch was to close. With the finance minister's bill, they will know about it four months ahead of time.

• (1700)

With this bill, the government can do precious little to prevent, through legislation or coercion, the anticipated closure of a branch. With a clause that is so unrestrictive, how can one claim, like the finance minister does, that this bill will improve access to financial services? The minister is the only one who can have this kind conviction and optimism.

Bill C-8 does not provide any concrete measure to ensure greater access to financial services for the poor. That would have been a step in the right direction. The minister should know by now that there is a real problem there. He could have made use of the bill introduced by my colleague and friend, the hon. member for Hochelaga—Maisonnette, in the second session of the 36th parliament. The bill was entitled an act to amend the Bank Act and the Statistics Act (equity in community reinvestment). Its main goal was to ensure that certain branches of banks take measures to facilitate access to credit for persons who have a residence or a place of business in a federal electoral district in which the branches are located.

Bill C-8 does not give any guarantee that the minister will take into consideration the specificity of the financial system in Quebec. Madam Speaker, if you and I could have a conversation on the subject, I am almost convinced that you would tell me "The hon. member is well aware of the fact that the minister is himself from Quebec, and he takes Quebecers' interests to heart". I would regretfully have to tell you that the minister is indeed the member for Lasalle—Émard, but that he ignores or purports to ignore that Quebec is a people whose financial system has its own specificities, and that the minister in no way takes that into account in Bill C-8.

I might add that we would have this conversation if you did not hold your present position. I know that you now have to be of the utmost neutrality. But if you were a backbencher, as I am, we could have had this little chat.

My colleagues, the members for St. Hyacinthe—Bagot and Drummond, who are finance critic and assistant finance critic, respectively, will propose amendments to Bill C-8 on behalf of the Bloc Québécois to counter the inequity towards Quebec's major banks. I hope the extended Liberal caucus from Quebec will keep its promise of standing up in Ottawa for Quebecers. To this day, this caucus has given its support to the government each time it has introduced bills going against promises made during the recent campaign. Will I be forced, once more, to conclude that the population has been misled? I am waiting for proof and it is much too long coming.

Mr. Yves Rocheleau (Trois-Rivières, BQ): Madam Speaker, first, I want to congratulate my colleague from Rimouski-Neigette-et-la Mitis for her eloquent speech. We can see that she has really

Government Orders

studied what she was talking about and has a very good grasp of it. You are missing a fine discussion with her, I am sure.

However, we cannot talk about banks and the Bank Act without talking about a distinguished Quebecer who tackled the issue in the last few years. The hon. members know that I am talking about Yves Michaud, a former Quebec delegate to Paris and who, instead of taking a very comfortable and well-deserved retirement, decided instead, in spite of his age, to put all his energy, all his talent and all his eloquence—and has plenty of all that—at the service of not only the consumers, but also of small equity investors. He wanted to make the operations and management of the banks and probably the Bank Act itself more democratic and more beneficial to those who put their trust in this very important system in our social and economic culture.

Therefore, I would like to honour Mr. Michaud for the very important things he did for the nation and people of Quebec.

• (1705)

The hon. member for Rimouski-Neigette-et-la Mitis made me realize that there is one more argument to add to our long list of arguments in favour of promoting sovereignty. We sovereignists have so many arguments that we need to update the list regularly. However, there is one that was offered to us on a silver plate in this financial institutions reform, and it is the terms and conditions governing special treatment, the special status. I think it is most appropriate to use this expression in relation to the National Bank, the national bank of Quebecers, the bank of SMBs.

The 20% foreign ownership of major Canadian banks becomes 65% in the case of Quebec's national bank. I would like my colleague, the member for Rimouski-Neigette-et-la Mitis, to tell us what, according to her, might be the intentions of the federal government in granting a special status not to Quebec but to its national bank.

Without imputing motives to the federal government, what is its purpose in putting the National Bank in such a vulnerable position, totally exposed to foreign control? A crucial sector of our economy could end up in the hands of foreign interests.

I would like to know if the member has an opinion on this, on the deeper motives of this government toward Quebec and the national bank of Quebecers.

Mrs. Suzanne Tremblay: Madam Speaker, this is an extremely important question. Of course, I do not know what were the government's motives behind such a decision. There is however one thing I am trying to understand. When I looked into my crystal ball this morning, on the train—

An hon. member: Where you were served in English only.

Mrs. Suzanne Tremblay:—where I was served in English only, I realized that the Government of Canada wants the banks to be the key strategic components of its economic development plan.

The government has decided to protect the banks, especially those operating in Canada, against foreign invaders. It has therefore set the limit at 20% of shares per shareholder, and will not go higher than that.

However, in the case of the National Bank, a bank operating mainly in Quebec, which helps out small businesses which in turn greatly support the economic development of Quebec, should the proportion of shares be allowed to increase to 65%, there could be a takeover that would change the whole political situation and result in the National Bank not lending so much money to small businesses anymore.

I am not sure what it is, but what I realized this morning is that there is some danger here, a trap, or a trick, to use one of the favourite expressions of the Minister of Intergovernmental Affairs. There is more here than meets the eye. There is again a double standard that is meant to hurt Quebec.

I hope my fellow citizens will understand that we now have one more reason to create our own country: to make what we want out of our bank.

[English]

Mr. Bill Blaikie (Winnipeg—Transcona, NDP): Madam Speaker, I congratulate you on your appointment to the chair. We look forward to you presiding over the Chamber with a great deal of wisdom, most of which you may have acquired in the various committees of the House. I congratulate you on behalf of myself and, I am sure, my colleagues.

I have just a few things to say about the bill. As many people have pointed out, this is a bill that was before the House before the election. It is a very large bill of 900 pages. Bills having to do with banks tend to be like that, which is probably a good reason for getting it into committee as soon as possible after everybody has his or her say with respect to the principle of the bill and what is in it and what should be in it but is not. That is what I will talk a bit about today.

• (1710)

First, with respect to the positive aspects of the bill, which our critic, the member for Regina—Qu'Appelle, has already highlighted on a number of occasions, one of the things we see as a positive in the bill are the changes with respect to the role of credit unions. This is something the NDP has advocated for many years.

Government Orders

The changes with respect to credit unions are certainly seen by us as a positive development.

However, some of the other things that have the appearance of being progressive are not necessarily as progressive as we would like. I am referring to the agency the bill will create, which will be headed by a commissioner appointed by the governor in council. We would have liked a more democratic structure, with representatives from various stakeholders overseeing the FCAC to ensure that it does not become a watered down consumer agency.

This legislation includes only cosmetic measures to improve access to basic banking services. At a time when service charges are on the rise again and banks are forcing us to pay for our own laptop banking, the government has abandoned its commitment, which it made in June 1999 in its financial policy paper, to force banks to provide a low cost account.

Indeed, banks are moving to make it almost impossible to have a low cost account, even the kinds of accounts which many people have had for many years. People are receiving correspondence from their banks instructing them that many of the things that they used to be able to do as part of their basic banking service will now be a matter of the banks charging for them.

It is not enough that the bank presidents already make 30 and 40 times more than the tellers who work in their banks. It is not enough that these people make these obscene amounts of money. No, they are going to ding the poor just a little more, in the name of what, I do not know. Is it in the name of greed? Or is it that euphemism for greed we hear so often in the language of the marketplace, is it that they have to be more "competitive"?

It is the same logic which I am sure will lead, thanks to other elements of the bill, to renewed talk of mergers and to renewed talk of megabanks. Of course with the loosening up of the foreign ownership provisions, we will see not just new merged banks but new merged banks that are owned more by non-Canadians.

These are some of the objections that we have to the bill. It seems to me that at a time when we hear so much from the private sector about the deficiencies of government services, the banks themselves, as major institutions, have become so user unfriendly in terms of charging people for everything they do and for every service they provide that it is a wonder that there are not more people turning to credit unions or hiding their money under their mattress or turning to almost anything but the banks. The banks are absolutely ravenous, it seems to me, when it comes to their pursuit of profit through nickel-and-diming ordinary Canadians who are in the habit of dealing with banks.

There is one thing I would like to see in terms of financial legislation that I do not see here. Perhaps it would not be appropriate for it to be in this particular bill, but then again it might be. It has to do with bankruptcy legislation itself.

I am still dealing with people in my constituency who were done out of wages, severance pay and holiday pay when particular companies went under. Ordinary workers are the last people on the list. Everybody else gets paid off first. Many of these people find it very difficult to turn the page, because they know that a great injustice has been done to them and yet there is no legislative framework in which to pursue the justice they are due in these kinds of circumstances.

● (1715)

What justice is achieved is often achieved over the course of many years. I am thinking, for example, of the people who were put in a terrible situation by the privatization of CN Express and the eventual closing down of that privatized company, or of the workers in my riding who found themselves in a similar position with respect to the sale of CP Express. I am sure the list is much longer. These are just a couple of examples that I am familiar with, where people have really been done in by existing legislation or the lack of protection in existing legislation when it comes to bankruptcies.

Another thing I think we need to have more of a debate on in the House is what has happened to our whole monetary system. It seems to me that when banking legislation is before us it is an opportunity to reflect on this. I do not claim to be an expert in these matters, but there is a growing body of opinion in regard to this in the country, particularly among those who either write for or subscribe to the newsletter put out by the committee on monetary and economic reform, which I think is sent to all members of parliament.

Not so many years ago our system was changed radically when we abandoned the role by which the Bank of Canada created a certain amount of the money that was available to the Government of Canada for the financing of government programs, social programs, et cetera. There is a growing body of opinion, which seems to me to be a minority opinion, that something wrong was done when the private banks were given the exclusive right to create money and then subsequently given the right to create that money without having anything to back it up, so that the money that is created in the country today is money created by the creation of debt. It is debt created by the private banks. This is not unrelated to the situation in which governments find themselves in terms of deficits, debt and the payment of interest.

It seems to me that a debate about money reform in the country is long overdue, as is a debate about looking at ways of recreating, perhaps with some changes—because the world does change and some possibilities remove themselves and other possibilities open up—the role of the Bank of Canada as a place where money can be created and where the government can act in a way that makes it less dependent upon the creation of debt by private banks in order to create money.

Government Orders

These are just some of the comments that I saw an opportunity to make in the context of this particular debate. I hope that this does not lead somewhere down the line to us having to go back into the trenches, or however you want to describe it, in order to fight more and bigger bank mergers. There is every reason to believe that this legislation sets up a process and creates the opportunities for those very same kinds of bank mergers that the government stood in the way of only a few years ago, albeit after much encouragement by the opposition and, in fairness, by some of their own backbenchers.

If the government were serious about preventing these kinds of mergers and preserving competition in a Canadian context, it would not be creating a situation where, by allowing Canadian banks to merge we, in order to get competition, then have to open up our borders to American competition. I am reminded of what has happened in the airline industry: if we get enough Canadian mergers it almost seems to be an instrument by which, ironically, we could end up with more American ownership. As a result of the merger of Air Canada and Canadian Airlines what people are asking is how we are going to get more competition. They are saying that we have to open up our borders to competition from American airlines.

• (1720)

One can see the same thing happening with respect to banks. If we allow our economy to be dominated by one or two big Canadian megabanks the next thing we know we will be hearing the argument that we need more competition, so let us allow Chase Manhattan to open up on every corner across Canada.

An hon. member: What is wrong with that?

Mr. Bill Blaikie: I heard an Alliance Party member ask what is wrong with that. The Alliance Party members never did get it. These are people who make absolutely no differentiation between foreign ownership and Canadian ownership. That is their position, but it is not the NDP position.

It used to be the Liberal position. There was a time when the Liberal Party was known as a party that tried—sometimes in its own feeble way, but nevertheless it tried—to defend the interests of Canada and to defend the notion of Canadian ownership against foreign ownership or at least against a percentage of foreign ownership that was seen to be a threat to Canada's ability to control its own destiny. Those days are gone forever, it seems, those days of the Liberal Party's foreign investment review agency, the Liberal Party's national energy policy and the Liberal Party that was against free trade.

We now have, with the exception of the NDP, and sometimes only recently the Bloc, and then again only some individuals, a political monoculture in the House that seems to accept that it is

just fine to have a marketplace dominated by the Americans, aided and abetted by a weak Canadian dollar which provides an opportunity for our entire country to be bought up at fire sale prices by the Americans, a political monoculture that says this is just the invisible hand of Adam Smith working itself out. God is in his heaven and the invisible hand of Adam Smith is doing its work here on earth.

We do not subscribe to that particular creed and never have. We see this bill as one more opportunity for not what we would call the invisible hand but more like the mailed fist of Adam Smith crushing the possibility of Canada ever becoming anything like the independent country that it used to be.

At least my Conservative colleagues, a shadow of their former selves numerically but obviously not in intellectual stature, ran in 1984 and said they wanted to get rid of the foreign investment review agency and the national energy program. They wanted to let the marketplace do all these things. They at least were intellectually honest about what they wanted to do. I am being more than fair to them, because there were a few things that they were not really honest about. By and large they said they wanted to deregulate. They said they wanted to sell out the country and when they got elected they did sell out the country, so people got what they voted for.

The real tragedy here is the Liberal Party. This is the real source of pathos, tragedy and betrayal in Canadian politics. The Liberals are the people who once said they wanted to defend the country. These are the people who used to be in favour of regulating foreign investment. These are the people who said they were against free trade. These are the people who used to worship at the knee of Walter Gordon and others, yet not one of them would qualify any more as a disciple of Walter Gordon. They probably have never even heard of him.

This is the real tragedy in Canadian politics, that those who would defend the country, its economy and its ability to have some control over its own economic destiny have been reduced to a remnant by the political monoculture that has ensued since the passage of the free trade agreements. This particular bill is just one more step along the way. We register our opposition to it.

• (1725)

Mr. Leon Benoit (Lakeland, Canadian Alliance): Madam Speaker, the member from the New Democratic Party who just spoke talked about selling out the country and American ownership. I would suggest that if we want to slow down the Americans who are buying Canadian companies, we do it by pursuing fiscal policy that will cause the dollar to increase. The dollar is at an artificially low level and that certainly does make it very easy for Americans to buy us out instead of Canadians buying their own

Government Orders

companies. I would like the member to comment on that. That is the way to have Canadians buy Canadian companies and keep Canadian ownership: through pursuing proper fiscal policy, which will cause the dollar to increase.

Further though, the member opposite talks about the Canadian Alliance wanting to privatize everything and having that type of policy. I say that is not true. In fact, we have an example today of where we do not support the government, which talks about privatizing the administration of the Firearms Act and privatizing the enforcement, if we can believe it, of the Firearms Act. That is completely unreasonable. I do not support it and my party does not support that kind of policy. It is a crazy policy. It is taking privatization to the extreme. I would like the member to comment on that.

Mr. Bill Blaikie: Madam Speaker, if there are limits to the Alliance's affinity for privatization, it is good to know it, but I notice that the *National Post* was kind of soft on this idea today in its editorial, so by next week the hon. member might be singing a different tune. He should not be so sure that his party is dead set against this, because the people who really call the shots in the hon. member's political culture might be entertaining a different notion.

With respect to the question about the low dollar, I wish life were as simple as the member makes it out to be. It seems to me that right after the free trade agreement when we had the very deficits that the government has sought to eliminate, we had a high dollar. In fact, one of the conspiracy theories at the time was that there had been an agreement to keep the Canadian dollar high so that the free trade agreement could not work to Canada's advantage. That was within the ambit of the free trade argument itself. That was at a time when the government had not dealt with the debt and the deficit.

Now the government has dealt with the debt, much to the damage of our social programs and of a lot of individual Canadians because of the way it was done, and the dollar is low. We have been assured for five or six years now that the government got the fundamentals right. How long do we need to have the fundamentals right? Is it a sentence? Do we have to get the fundamentals right for 10 years or 15 years or 20 years?

I say that to the member in the sense that I do not think it is as simple as that. I do not think it just has to do with fiscal policy. I am not sure exactly how it works. I am not sure anybody is exactly sure how it works. I am sure the Minister of Finance sometimes goes to bed at night wondering how it works and why the Canadian dollar is the way it is. However, just to assume that if we were to adopt Canadian Alliance policies somehow the dollar would go up is a bit on the simplistic side.

Mr. John McKay (Scarborough East, Lib.): Madam Speaker, I have not had an opportunity to congratulate you on your appointment. I wish you all the best.

I enjoyed the hon. member's wide ranging speech. I was at times hard pressed to know what it had to do with the subject of the debate, but I heard him talk about fiscal policy, monetary policy and the apparent demise of certain political parties. I was a bit hard pressed to understand the relevance of the bill to those subjects. Then the hon. member opposite brought up national energy policy and firearms legislation. I suppose there are a few things left to debate, but I just do not know what else they are.

I would like to ask the hon. member whether he believes that the passage of the bill will in fact lead to a more rational and sensible process with which the Government of Canada can deal with the demands of the marketplace and the demands of consumers with respect to the whole process of bank mergers and "rationalization" in the fiscal marketplace, and whether he thinks that this bill does bring some sense and some relevance to what is presently a somewhat chaotic process.

• (1730)

Mr. Bill Blaikie: Madam Speaker, my impression from the discussions I have had with our finance critic is that what the member says is only partly true. What he is not saying is that this really is setting up a process, not just for the rationalization of banks, but so the government can rationalize the rationalization of the banks in a way that it was not able to do under the previous legislation.

This is setting us up so that the next time this issue comes up, the Liberals can say that they followed the process in place and that due process was served. When only two banks are left, the Liberals can also say that they followed due process and what else could they do.

[Translation]

Mr. Richard Marceau (Charlesbourg—Jacques-Cartier, BQ): Madam Speaker, first I want to congratulate you on being appointed Deputy Chairman of the Committees of the Whole. I wish you all the best when you are called upon to referee our debates, which tend to be raucous at times. I know you are passionate about and attentive to the proceedings of this House, so I have no doubt you will do a very good job.

I feel like I am watching an old movie. Bill C-8, formerly Bill C-38, is one of these old movies being shown in the House these days.

We heard the same arguments a few months ago, the same issues were raised, and the same positions seem to be more entrenched now.

During the debate on Bill C-38, now Bill C-8, Bloc members had expressed several reservations regarding the bill, which were shared by the Deputy Premier and Minister of Finance of Quebec.

Mr. Landry had stressed four main points. Before Bill C-38 was introduced we had been told not to worry. They were going to deal

Government Orders

with it, everything would be all right, our concerns would be addressed.

We were somewhat surprised—I would even say disappointed—to find the elements we wanted to see not in the bill itself, or in any piece of legislation passed by the House, but in the regulations that will be appended to the bill.

As members know, unlike a bill that must be amended by this House in order to be changed, regulations may be amended at will by the executive or the Minister of Finance.

Finally, we are being asked to trust this government and in particular the Minister of Finance and to hand over a blank cheque. You will understand that we have some difficulty with that, to say the least.

Bill C-8 gives full power to the Minister of Finance to decide on his own the fate of Quebec banks without providing any guarantee in connection with Quebec's distinctiveness. Heaven knows Quebec is different. The bill provides no specific measure.

Although I do not always share the very 1960s rhetoric of my NDP colleague, who said "wicked Americans, wicked capitalists, let us turn the world upside down", I agreed with him nonetheless on certain points, including the importance of giving the disadvantaged, who are often left out, greater access to financial services.

Finally, Bill C-8 has no answer to the very well directed questions of my colleague from Hochelaga—Maisonneuve on community reinvestment.

● (1735)

My colleague from Hochelaga—Maisonneuve, we will remember, is the excellent representative of a region on the island of Montreal hard hit by poverty. He has introduced many good ideas on community investment—I will return to them—which, unfortunately were not included in Bill C-8. That is regrettable.

We can only be concerned by the fact that a single shareholder could, with the agreement of the Minister of Finance, hold 65% of the shares of the National Bank, the largest Quebec bank. It is the bank of the Quebec small and medium businesses. There is an economic model in Quebec, and the National Bank is one of the cornerstones of this model, based on entrepreneurship and the SMBs. Should Quebec lose control of as important a financial institution as the National Bank, I think it would be very bad for its economy.

We also need legislative guarantees against any negative impact these new ownership rules might have on the employment of professionals, consumer and small business services, decision centres and the role of Montreal as an international financial centre. The stakes are just too high for Quebec and its economy to be left to the sole discretion of one man, the Minister of Finance.

We want to make sure—and I would say our whole position on Bill C-8 is based on this argument—that the future of Quebec's banking system is not in the hands of one man. I think most people would agree with that. Giving anybody too much discretionary power is bad; giving a federal minister too much power over Quebec's economy is even worse.

Bill C-8 does not show a firm willingness to protect consumers, particularly low income consumers, on the part of the government. The bill provides for the establishment of the financial consumer agency of Canada. I have my doubts about the kind of authority such an agency could have in an economic climate which, unfortunately, does not look too rosy, as we know, as the United States are about to be hit by a recession. We must ensure that not only middle income people but also low income people have access to financial services. Unfortunately, Bill C-8 remains vague and has more wish than real policy with regard to accessibility and consumer protection.

Finally, I would like to return briefly to the importance of reinvesting in the community. As I said earlier, the member for Hochelaga—Maisonneuve introduced a bill in the last parliament which would have required financial institutions to reinvest in the communities in which they are located. It was based on the community reinvestment act, American legislation—so we cannot be accused of being leftist.

As my colleague said, this legislation would require a regulated financial institution to show that its branches serve the deposit and credit requirements of the community for which they are chartered. This is where this issue becomes very important for, as my colleague said, and I stress this point, branches have an obligation to help meet the credit needs of the local communities for which they are chartered.

In a global context, with people looking at the broader picture, there is also a tendency to move closer to one's own neighbourhood and community. While we believe that the Canadian financial system must be strong and able to withstand the buffeting of the global economy, this globalization must not leave out individuals and entire neighbourhoods who are unfortunately ignored in the rush to prosperity.

● (1740)

In conclusion, I strongly urge the government to include the four points we raised during consideration of Bill C-38 not in the regulations, where they would be subject to the discretion of the Minister of Finance, but in the actual legislation which will be passed in the House. I also urge it to include the main features of the bill on community reinvestment introduced and strongly defended by the member for Hochelaga—Maisonneuve.

With these inclusions, the government could expect a much more co-operative attitude from the Bloc Québécois.

Government Orders

[English]

The Acting Speaker (Ms. Bakopanos): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Ms. Bakopanos): The question is on the motion. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Ms. Bakopanos): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Ms. Bakopanos): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Ms. Bakopanos): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Ms. Bakopanos): Call in the members.

And the bells having rung:

The Acting Speaker (Ms. Bakopanos): The vote on the motion is deferred until tomorrow.

* * *

EMPLOYMENT INSURANCE ACT

The House resumed from February 5 consideration of the motion that Bill C-2, an act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations, be read the second time and referred to a committee.

Mr. Peter Stoffer (Sackville—Musquodoboit Valley—Eastern Shore, NDP): Madam Speaker, kudos go out to my critic from Acadie—Bathurst, a member who travelled the country to debate the EI changes of 1996 and the affect it had on workers, families, businesses and communities clear across the country. I honestly believe it was his report that pushed the government into movement and to understand the terrible assault, for a lack of a better word, it had on workers, their families and small businesses.

It is most unfortunate that the member from White Rock, in her opening statement about the EI changes, said that the bill was

nothing more than a Liberal Atlantic Canada re-election strategy. That is an insult to all Canadians. In fact it is a graver insult to those of us in Atlantic Canada. After the comments from the member for Calgary—Nose Hill, from one of their colleagues, John Mykytyshyn, and now comments from the respected member of the House from South Surrey—White Rock—Langley basically slamming Atlantic Canada for the EI changes in the bill, as if the changes to EI only affect Atlantic Canada, it is simple nonsense.

● (1745)

The fact is that western Canada, to use their words, drains more from the EI fund than Atlantic Canada. The fact is that the sooner the Alliance Party realizes and understands that, quite possibly it may have some success east of the Manitoba border.

Some of the changes in the new EI reforms, such as the intensity rule, are very positive. We are quite glad that the minister and the government have realized and recognized the error of their ways and will change that.

A very crucial aspect of EI funding is the labour training. In a changing economy, our party, and I am sure many parliamentarians, are encouraging young people to not just have one academic aspect in their lives, such as computer training for the new economy, but to have a vocational trade as well. Many young people take vocational training but those who take the EI training are penalized for two weeks in the initial start of their training.

My colleague from Winnipeg has indicated that we should eliminate the two week clawback during training because it penalizes workers who are trying to adjust to the new economy by upgrading their skills. We believe the government should recognize, honour and commit to that amendment. Workers should not be penalized for trying to upgrade their skills. All Canadians want to be productive members of the economy but they need assistance. Some need literacy training while others need training in social skills and various labour skills.

Everywhere we go in the country we see help wanted signs in most service areas. We have a tremendous amount of help wanted signs in my own area of Sackville, Nova Scotia which are more or less entry jobs at Burger King, Swiss Chalet and so on, paying the minimum salary. The workers in those areas, although proud to have those jobs for now, want to upgrade their skills and improve their lot and their family's lot in life. They want to be able to move forward and be more progressive in the so-called new economy and the demands of the new century.

We as legislators should provide people with the assistance they need to get training, especially in the cases of single women with children. It is very difficult for them to move forward and get the training they require, not only vocationally but academically, when they also need adequate care for their children.

In some cases, especially in the rural parts of my riding, the father has taken off and has abdicated all his responsibilities. The

Government Orders

mothers are left behind to raise the children. It is very difficult to get child support from the father if he is not working. What else can she do? She does not want to be a drain on society. It is not something she wished upon herself or her children. It is a circumstance of today's reality.

What should we do as government, as opposition members or as legislators? We must ensure that we can offer that woman and her children hope. We must provide the resources she needs to care for her family and to get the proper training she will need to get a decent job. We must ensure that she can become self-reliant, look after her children and move forward. That is the least we can do when there is a surplus of over \$30 billion in the EI fund.

We know that the money is technically gone and spent. The Liberals have admitted that. I also believe the member from Mississauga, who is a great speaker in the House when he gets up on his hind legs and bellows out the Liberal rhetoric, has also admitted that the money was spent on other programs and initiatives.

• (1750)

The fact is that it is not the government's money. That money belongs to employers and employees. It does not belong to the Liberal government to do as it wishes and give, for example, tax cuts to major corporations, to the gun registry or anything else it proposes to do. That money does not belong to the government. It did not have the moral right to take that money and put it into any program it so desires.

That money belongs to employers and employees. It is up to the workers and the businesses to decide collectively what should be done with a massive surplus like that and what should be done about the future of the EI concerns.

Unemployment insurance is sometimes called employment insurance. It is the Liberal way of reversing itself on its head. When it first came in it offered great protection for workers and their families in the unlikely event that they lost their job either through a layoff, a company closure or anything of that nature.

The auto sector is going through a large upheaval. Thousands of workers, especially in the Windsor area, are about to lose their jobs. What would happen to those workers if there were no employment insurance fund or payments in order to look after them?

That money is essential to maintain their families, to maintain some income for their households, and to look after small businesses in the surrounding communities. It is essential that the government get it right this time. Instead of pounding away at workers and small businesses, it should start to realize that unemployment insurance fund or employment insurance fund is a vital part of the Canadian economy.

It is the workers and the businesses that put money into the fund. It is certainly not for the Liberal government to decide what to do with it.

A couple of members in the House who have since been defeated, Peter Mancini and Michelle Dockrill, two great members from Cape Breton, fought very hard for fairness in the employment insurance fund throughout the country, not just in their region of Cape Breton. They fought hard not only for the Devco miners but for the Sysco workers, fish plant workers and other workers in their area. Their eloquence and their stand to defend and fight for what was right have finally moved the government in some ways.

We also know that the Canadian Labour Congress is supportive of the initiative in some aspects, but it does wish to have some amendments go through. We are hoping that eventually the government will listen to some sound amendments by our party to make the EI fund more accountable to businesses and more receptive to workers and to communities throughout the entire country. If the government does that, it would be very positive indeed.

BILL C-2—NOTICE OF TIME ALLOCATION

Hon. Don Boudria (Leader of the Government in the House of Commons, Lib.): Madam Speaker, I rise on a point of order. I regret to inform the House that an agreement could not be reached under the provisions of Standing Orders 78(1) or 78(2) with respect to the second reading of Bill C-2, an act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations.

Therefore under the provisions of Standing Order 78(3), I give notice that a minister of the crown will propose at the next sitting a motion to allot a specific number of days or hours for the consideration and the disposal of proceedings at the said stage.

Mr. Chuck Strahl (Fraser Valley, Canadian Alliance): Madam Speaker, I am a little puzzled. There has been no attempt by the Canadian Alliance to slow the bill down. We are eager to get it into committee.

I do not know about these consultations. Certainly from our side, from our point of view as the official opposition, let us get the bill into committee and let us get some witnesses in on it right away.

Hon. Don Boudria: Madam Speaker, the hon. member is quite correct. As a matter of fact, it is not his party that refused. It was another one. Nevertheless, upon verifying twice within the last few hours, that is still the condition I am forced to report on to the House, and I just did.

• (1755)

[Translation]

SECOND READING

The House resumed consideration of the motion that Bill C-2, an act to amend the Employment Insurance Act and the Employment Insurance (Fishing) Regulations be read a second time and referred to a committee.

Mr. Odina Desrochers (Lotbinière—L'Érable, BQ): Madam Speaker, first, as it is the first time I have had the floor during this 37th parliament, I am very happy to begin by thanking my constituents of the great riding of Lotbinière—L'Érable, who have returned me as their representative in the House of Commons. This victory by the Bloc was reflected in all of the 50 municipalities of my great riding and this victory is due to the 500 volunteers who worked hard to keep the riding of Lotbinière—L'Érable with the Bloc.

Speaking of the campaign, I would like to remind the House of certain things that were said at the time, specifically on employment insurance. Before going deeper into this bill, I am going to bring forward some facts that marked the last election campaign. During the next minutes, I am going to show, once again, that the Liberals have not been true to their word, to their promises.

We all remember the interview on an English language network where the Prime Minister apologized and was very remorseful for the devastating effects of the EI system reform.

That week, the Secretary of State for Amateur Sport adopted a similar tone when he said that, when the Liberals returned to power, it would be time to propose major changes in order to meet the expectations of the unemployed.

I also remember that one week before the election, when the Prime Minister was in New Brunswick and spoke so eloquently about his election commitments, he forgot to mention that he would look after the unemployed. One of his advisers immediately reminded him that he should talk about the issue.

All this confirms that once again we have been the victims of a real misinformation campaign. The unemployment issue has indeed created confusion in parliament. No one has a clue. Everybody is looking for the facts. We are trying to find out what the government intends to do, but to no avail.

Let me reflect on the highlights of the reform, on certain recommendations that the Bloc Québécois intends to make. I will also deal with the report tabled last week by the auditor general.

For a few years now the Bloc Québécois has been openly critical of the surplus in the employment insurance fund. Only last week, the auditor general said:

Government Orders

In his 2000 report, the Chief Actuary of Human Resources Development Canada has estimated that a reserve of \$10 billion to \$15 billion should be sufficient to guarantee the stability of EI premium rates over a business cycle.

In the meantime, the Employment Insurance Account's accumulated surplus has grown to \$28.2 billion, almost twice the maximum amount considered sufficient by the Chief Actuary.

We wondered. What did the Government of Canada, what did the Liberals do with the surplus? The auditor general told us in a rather direct manner:

The Account's operating surplus, in effect, provides a source of revenue and cash flow for the government and helps reduce its net debt.

This means that the government has taken money from the unemployed, it has taken EI contributions to pay off the debt and particularly to set up programs that often infringe on Quebec's jurisdictions.

• (1800)

What is going on in this parliament is totally unacceptable. A few moments ago, the government House leader announced a first time allocation motion, a first gag order.

What should we make of this whole issue? During the election campaign, the big names in the Liberal Party of Canada said that parliament would take its time to discuss the employment insurance issue. Now that we are back here in the House we find that the House leader is again playing the same game that he started during the last session by moving gag orders to prevent democratically elected representatives from saying what they have to say about the Employment Insurance Act.

The Bloc Québécois is strongly opposed to Bill C-2, a pure and simple imitation of Bill C-44. However, it would be interesting if the current government divided Bill C-2 in two, to ensure it would respond more realistically to the expectations of unemployed people.

We have a series of recommendations to make. I would like to say that, already in the last parliament, the Bloc Québécois had been very forward looking, since it had introduced six bills to improve the operation of employment insurance, to try to find better solutions to respond to the needs of unemployed people.

The Bloc's requests are very clear. We ask for the elimination of the intensity rule. This bill talks about this. We also ask that the maximum insurable earnings be increased from 55% to 60%, which would be much more realistic. We also ask for the elimination of the discriminatory clause towards new entrants to the labour force. We know this applies to young people and women. We also ask for the elimination of the qualifying period.

In Bill C-2 it is announced that the premium rate is to be reduced to \$2.25, but the auditor general's report has much more precise

Government Orders

calculations. This government is already late when it says it wants to reduce premiums to \$2.25. The chief actuary, an employee of the Department of Human Resources Development, believes that employees' premium rates should be between \$1.70 and \$2.20, which would cover the long term costs of the employment insurance program.

In its planning documents, the Department of Human Resources Development predicts that the accumulated surplus will reach \$34.6 billion by March 31, 2001. On August 31, 2000, the unaudited balance of the fund's accumulated surplus was \$32.4 billion. These figures disgust the public. These surpluses are upsetting, they make no sense.

We understand that the Liberal government is trying with Bill C-2 to hide the truth. It is trying to legalize what has always been called the hold-up of the unemployed and the small and medium businesses. If Bill C-2 ever passes, no one, including the auditor general, will be able to intervene to bring this government back to order.

Of late we have witnessed all sorts of operations making this government, this parliament, increasing antidemocratic. In the riding I represent and in all ridings in Quebec, there are seasonal workers, men and women who return to the labour market, young people who come onto the labour market. These people, because of measures that are very difficult to understand, cannot draw employment insurance.

Just imagine that a young person has to work 910 hours before being entitled to draw benefits. A worker paying benefits—depending on the region—must accumulate between 420 and 700 hours to be entitled to employment insurance benefits.

• (1805)

The current act, which will not be amended by Bill C-2, discriminates seriously against young people and women, who are affected by this rule, that is, they must work 910 hours if they return to the labour market.

If I look at Bill C-2, especially if I refer to the many promises not kept by the federal Liberals in the latest election, it is very thin in content. It offers no hope to the unemployed waiting for major changes, which could have met their needs and corrected the injustices committed against them by the Prime Minister and his government in the last session.

When I think about what happened during the election campaign and when I hear all the balderdash on employment insurance coming from the other side, I wonder who knows the truth. Fortunately, the Auditor General of Canada brought back some kind of order last week. He gave some indications to try and clear things up.

This bill is an insult to the unemployed. There is nothing in it for them. It only mentions the abolition of the intensity rule and some

minor changes when everyone in Quebec and in Canada was expecting so much.

The Liberals are laughing at the unemployed. They did it throughout the election campaign and continue to do so here, in the House of Commons.

The members of the Bloc Québécois will continue to fight for improvements for the unemployed. Fortunately, we have in the House of Commons 38 men and women to protect the interests of Quebecers. Even with the government trying to muzzle us and take away our freedom of speech, I hope that, in the little time we have, we can prove that Bill C-2 is an empty shell, that it brings almost no changes to the system and is an insult to the unemployed in Quebec.

Mr. Robert Lanctôt (Châteauguay, BQ): Madam Speaker, I am a bit stunned. I am a new member and I think the debates we have in this House in which we criticize certain aspects of a bill are very useful.

I just learned from the House leader that the government intends to limit debate on this bill. It is the first time that I witness such a request. I think this request comes rather quickly in that each comment I heard and each speech made by members of all parties, particularly the Bloc Québécois, have clearly shown that there is abuse. That is why I am very surprised to hear this request at this time.

The auditor general's report dated February 6—today is February 12—confirmed some of the questions we have been asking about this bill. So it has been only six days, and the government has already decided to limit debate. I am sorry, but we are in the House of Commons where there are 301 members, including 38 from the Bloc Québécois, and each of these members would have something more to say. I have not counted the exact number of members who have spoken so far, but I am sure there are speeches that should be heard.

• (1810)

I have a question for my colleague from Lotbinière—L'Érable. In his riding, as everywhere in Quebec, figures are circulated saying that the fund has a surplus of \$7.2 billion for an accumulated surplus of \$28.2 billion. The auditor general has told us that this was double the authorized amount.

However, we are forgetting the numerous self-employed people in Quebec and in Canada. There are also the young students. We hear fine speeches about young people, and the desire to help them. Why then do they have to pay employment insurance premiums, when we know that 30% or 40% of them will not be able to collect any benefits?

The question has to be asked. How do these people react in Lotbinière—L'Érable and across Quebec when they are told that surpluses of over \$28.2 billion have been accumulated, as the

auditor general said? And yet, the government says we do not have enough money to say “Let us amend the act. Let us at least take this opportunity to discuss it, to try to improve it and to draft a clearer bill that will give people access to this money”.

Mr. Odina Desrochers: Madam Speaker, my constituents have been the victims of a partisan misinformation campaign.

On television, during the campaign, they accused the Bloc Québécois of not fighting for the interests of Quebecers. In spite of that misinformation, 40% of Quebecers put their trust in us. They knew that if they sent 38 members to the House of Commons, these members would continue to fight for their interests.

I have found a new word to describe what is happening on that side. We hear about autocracy and democracy. I would call whatever happened in the House of Commons during the last session and during the last campaign and whatever is going on right now “chrétinocracy”.

The Acting Speaker (Ms. Bakopanos): This is a new word for the dictionary.

[English]

Mr. Larry Bagnell (Yukon, Lib.): Madam Speaker, the member said that this bill offers nothing and that there are no substantive changes, so I would have to assume that he would have no problem if someone wrote to his constituents, listed the improvements that are in the bill and said that the Bloc was against the improvements.

[Translation]

Mr. Odina Desrochers: Madam Speaker, it is easy to answer that question. There are almost no changes. Therefore, the list would be very short; I would have no problem at all with that list being presented to my constituents in Lotbinière—L'Érable.

Mr. Benoît Sauvageau (Repentigny, BQ): Madam Speaker, first of all I want to congratulate you on your appointment.

In response to the question of the new member for Yukon, I could read the list, because it is indeed not very long. There is the abolition of the intensity rule, the abolition of discrimination in the rule of tax clawback, the change in the definition of new entrant, the indexing of the maximum yearly insurable earnings and the reduction of the premium rate to \$2.25.

I hope that answers his question and his interest for this subject. In a spirit of co-operation, he too could oppose this bill, because that is what the people in his riding would ask him to do if they had the same information available to them. Unless he must follow the party line, which would be very sad for a new member.

Government Orders

First of all, as my colleagues did the first time they rose in the House, I would like to thank the people in the riding of Repentigny for putting their confidence in me. This is a riding that you know well, Madam Speaker, as you visit it regularly. Since you represent the other end of the island of Montreal, you have the opportunity to come by often.

So, the great riding of Repentigny is an urban riding composed for the most part of young families that have elected me and given me their confidence for a third mandate. To all those who voted for me I want to give my wholehearted thanks and assure them that I will work hard, as I have over the last seven years, to stand up for their interests here, in the House of Commons.

• (1815)

First of all, I would like to talk about the previous bill, because before we talk about this one, we have no choice but to put it in context and look at its background.

We are debating today Bill C-2, but it is really a new incarnation of Bill C-44. Technically, Bill C-44 died on the order paper, because the government House leader, with all his goodwill, made sure the Liberals did not call an election after passing such a revolting bill. He did not see fit to use closure or other parliamentary tricks to gag the opposition. He made sure the bill would die on the order paper so they could appear, during the campaign, to be more open on this bill.

Bill C-44, an act to amend the Employment Insurance Act, has disappeared. The Prime Minister, who is in China today, has made this comment about the bill: “We realized that this was not a good decision, and we should not have done this”.

The Prime Minister said that Bill C-44 was not a good idea, but one of his ministers is much more talkative. The minister responsible for amateur sport often stumbles in his public statements. Hon. members will certainly agree with me. He never misses a chance to voice his strong opposition when a government decision is not to his liking. If he does not agree with me, the minister will get a chance to say so during the questions and comments period, and if he does not say a word, it is because he agrees—

An hon. member: Silence is consent.

Mr. Benoît Sauvageau: Silence is consent, says my colleague. This minister said that after the election of a majority Liberal government, I suppose he had a crystal ball at that time, it would re-establish the process and ensure that the right changes were made, those responding properly to the majority of the realities and needs of the people of Saguenay—Lac-Saint-Jean and of all Canadians.

He must have made this statement in the Saguenay—Lac-Saint-Jean region, which is why he named it. He concluded his statement

Government Orders

by saying “I am committed—this minister is very big on commitments—to changes in the law, and we will make changes”. This is what the Secretary of State for Amateur Sport said. I welcome his contradiction of my quotes, if he is not in agreement, during the question and comment period.

These are two quotes which strike me as very eloquent. The Prime Minister said that they were wrong. As for the eloquent Secretary of State for Amateur Sport, he said they were going to make changes—“I assure you of this, I promise this” he said. Still we find ourselves back with Bill C-2 and its very modest changes, as I have been able to confirm to the hon. member for Yukon.

This bill, brought back despite those two statements, despite all the promises each MP and each prospective MP made in their respective ridings, makes me think of a still more important promise made by the Liberals, one they have also broken. If I asked the Liberals to tell me which one I mean, I would have a lot of different answers. Some would say the GST, some free trade, but these are not the ones I mean. We will not hold a contest, because there would probably be too many responses.

The promise that was not kept, and the two quotes prove it, is the 1993 one in red book one, with respect to the public’s trust in the government and elected representatives.

In this regard, all parties are in the same boat. In 1993, the government promised to restore the public’s trust. I challenge Liberal, Bloc Quebecois and Canadian Alliance members to go to their ridings and check out the public’s general level of trust in us. This level of trust is very low, even after a promise made seven years ago. Why? Because we have the proof, in the two earlier quotes, that politicians, especially when they are in power, too often make clear statements, but do not follow through on their promises. The Prime Minister said he liked clarity. Here was the proof: it was clear they were going to make changes, they said. They said it even more clearly in 1980 and 1995. These changes did not happen, however, and there is still no sign of them.

• (1820)

In my opinion, the most important promise this government broke was the one it made in 1993 to restore confidence in this institution. If we had statistics on the votes of confidence in 1993 and those of today, I think that the rate would be down, and it would be for reasons like this.

The red book also promised an ethics counsellor appointed by and accountable to parliament. This political adviser, appointed to restore trust, is another failed Liberal promise.

To restore trust, we might have expected fewer criminal investigations; there are many of them, including several in the riding of

the Prime Minister, among others, on a golf club he previously owned and on a hotel he also owned.

To restore trust, perhaps we should listen to the most eminent official in parliament, the one who, unfortunately for the Prime Minister, was not appointed by him, that is the auditor general. I believe the Prime Minister likes to say that we have the “best and most beautiful country in the world” and the “best Prime Minister in the world”. I congratulate him for the two Olivier awards that he won yesterday as the year’s best international humorist.

But in this “best country in the world”, there is a good auditor general. The latter said in 2000 and repeated in 2001 that the way the surplus in the employment insurance fund was being used was outrageous and almost illegal. The Employment Insurance Commission establishes a premium rate according to the economic situation. The chief economist of the Royal Bank, who is here, could confirm that the employment insurance premium rate has to be defined according to the economic situation, whether things are going well or not so well, according to the money that is already in the employment insurance fund, and according to the current rate and to the current surplus in this employment insurance fund, which is twice what it should be, that is about \$30 billion.

The auditor general says this is outrageous. He repeats that is outrageous, and the Prime Minister says “It is the opposition that is wrong”. It is not the opposition that says that. The opposition is quoting the auditor general, who has been repeating that there is too much money in the fund.

What does having too much money in the EI fund mean for workers and employers? Thirty billion dollars is an impressive figure, but it has been said that this is too much. First, the money is not used to help the unemployed but to reimburse the Canadian government’s net debt. Once again, the auditor general is the one who says so.

The Canadian government deliberately took money out of the pockets of the employers and the employees to eliminate the deficit. That is a tax on salaries. If the government really wanted to be clear and honest, it would levy a tax on salaries. But once again, it prefers to disguise the truth to hide the fact that it is not fulfilling its 1993 promise.

Since I have very little time left, I will conclude with this. I call upon the government members to accept that at the very least the bill be divided in two so as to allow members from the Bloc to vote in favour of the very minimal amendments proposed to the employment insurance. If they accept, they could reach a larger consensus. I would also ask them to give us the possibility to express our opinion on the outrageous theft of the EI fund surplus.

The Acting Speaker (Ms. Bakopanos): I remind hon. members that debate is now limited to 10 minutes and that there is no period for questions and comments.

*Government Orders**[English]*

Mr. Peter MacKay (Pictou—Antigonish—Guysborough, PC): Madam Speaker, I welcome the opportunity to speak to the bill, formerly Bill C-44, which has generated a great deal of debate and discussion around the country. It is certainly a matter of great interest in my constituency in Nova Scotia, Pictou—Antigonish—Guysborough.

The changes that we are discussing result from callous changes that were made by the Liberal government to the insurance plan in 1997 which resulted in a public backlash that was attempted to be remedied by the government in the wake of the 2000 election.

• (1825)

Now in typical Liberal fashion, the call of the election resulted in the death of the bill. We saw that with a number of important pieces of legislation. While on the hustings though, the Liberals dangled former Bill C-44 in front of the faces of Atlantic Canadians in particular. Seasonal workers of course were those who were most vulnerable on this particular piece of legislation.

Hopefully, this early calling of the bill, the debate that has ensued and the opportunity again to revisit these issues at the committee is an indication that the Liberals are in fact quite serious about passing this legislation and bringing about improvements that will enhance the ability of seasonal workers to benefit from the bill.

In my riding of Pictou—Antigonish—Guysborough the problems with employment insurance are major issues of concern. Whether I spoke to workers at Trenton steel plant, farmers in Lismore or fishermen in Canso, the same complaints were prevalent when addressing their EI concerns. The issue of undeclared earnings was by far the number one complaint throughout the riding and was given particular priority by those who engaged in shift work at the Trenton Works Ltd. steel plant in Trenton, Nova Scotia.

Just to elaborate, there is a loophole in the undeclared earnings section of the Employment Insurance Act which allows the government to claw back moneys from individuals as an overpayment even though the claimant never receives the benefit. That is the crux of the issue. In essence, the government is taking money back on earnings that were never actually realized by the employer.

I spoke to members of the HRDC local office who administer the EI claims in the maritimes and they too have expressed concerns over the manner in which this particular section is implemented.

For example, during the weeks where a shift worker is employed, the worker does not expect, nor does he receive any EI benefits. At the end of hard week's work, the worker then fills out an EI claim and sends it to be processed. However, the problem arises if the worker is then asked to work overtime. That is there is

a change in the situation because of an overtime job that requires the worker to be called back in. The worker, in some instances, has already sent in the card. This is not an issue where the individual is trying to deliberately mislead anyone, it is simply a change in circumstance.

What then happens is the overtime hours will not be included in the declaration of hours worked. Often a worker does not bother to phone the HRDC office to report his or her additional hours because the person knows that he or she does not qualify for benefits for that particular week. The person knows that making a change in the original card submission will only cause delays in the processing. Sadly, those who are reliant on these government cheques are in a catch-22. They are afraid, in essence, that they will receive no benefits if they are forthcoming with this information. There is also a shortcoming in their ability to communicate this.

I know there have been attempts to deal with this anomaly by setting up a 1-800 number. Again, it is very difficult for the worker on shift work to provide that information to the local office. The delays often result in a longer wait for claims where individuals are not able to work or are not called in to work and are therefore in receipt of no income.

Still when an EI representative phones the employer to confirm how many hours the employee has worked, the discrepancy becomes evident quite quickly. The employee is then penalized for having submitted a fraudulent claim.

There is an issue that has to be addressed. There is an opportunity in this particular bill to address this anomaly. The penalties for fraudulent claims are enormous and unnecessary. The penalty covers the entire period of pay as opposed to the pay week where the infraction occurred. There is almost an issue of double jeopardy here. Thus the employee's penalty would claw back the much needed money even from weeks where the hours of work were properly reported and a blanket penalty would be imposed.

All of this may sound convoluted to any individual who has never availed themselves of seasonal employment and been on the EI system. For those who have, this is a real dilemma for seasonal workers.

I know my time is short. I look forward to the opportunity to continue participation in this debate when we resume the matter tomorrow. I know the time is here to conclude for the day, but I respect the Chair's indulgence and look forward to further participation.

[Translation]

The Acting Speaker (Ms. Bakopanos): 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.)

CONTENTS

Monday, February 12, 2001

GOVERNMENT ORDERS

Financial Consumer Agency of Canada Act

Bill C-8	501
Mr. Peterson	501
Mr. Harris	504
Mr. Lunn	506
Mr. Loubier	508
Mr. Stoffer	513
Mr. Stoffer	515
Mr. Mills (Toronto—Danforth)	515
Mr. Stoffer	515
Ms. Wasylcia-Leis	515
Mr. Epp	517
Ms. Wasylcia-Leis	517
Mr. Mark	518
Ms. Wasylcia-Leis	518
Mr. Brison	518
Mr. Murphy	521
Mr. Stoffer	522
Mr. Murphy	522
Mr. Stoffer	522
Mr. Murphy	522
Mr. Epp	522

STATEMENTS BY MEMBERS

Greater Toronto Airport Authority

Mr. Lee	524
---------------	-----

Agriculture

Mr. Benoit	524
------------------	-----

Karl David Hoefel

Ms. Bulte	524
-----------------	-----

Transportation

Ms. Thibeault	524
---------------------	-----

Drugs

Mr. St-Julien	525
---------------------	-----

Parks Canada

Ms. Gallant	525
-------------------	-----

Agriculture

Mr. Adams	525
-----------------	-----

Gala des Olivier

Ms. Gagnon	525
------------------	-----

Housing

Ms. Karetak-Lindell	525
---------------------------	-----

Heart Month

Mrs. Ablonczy	526
---------------------	-----

International Criminal Court

Mr. Cotler	526
------------------	-----

East Coast Music Awards

Mr. Stoffer	526
-------------------	-----

Pierre-de-Lestage High School

Mr. Bellehumeur	526
-----------------------	-----

Agriculture

Ms. Whelan	527
------------------	-----

Correctional Service Canada

Mr. MacKay	527
------------------	-----

The Environment

Mr. Caccia	527
------------------	-----

ORAL QUESTION PERIOD

Ethics Counsellor

Mr. Day	527
---------------	-----

Mr. Gray	527
----------------	-----

Mr. Day	528
---------------	-----

Mr. Gray	528
----------------	-----

Mr. Day	528
---------------	-----

Mr. Gray	528
----------------	-----

Miss Grey	528
-----------------	-----

Mr. Tobin	528
-----------------	-----

Miss Grey	528
-----------------	-----

Mr. Tobin	528
-----------------	-----

Heating Oil Refunds

Mr. Duceppe	528
-------------------	-----

Mr. Peterson	529
--------------------	-----

Mr. Duceppe	529
-------------------	-----

Mr. Peterson	529
--------------------	-----

Mr. Gauthier	529
--------------------	-----

Mr. Peterson	529
--------------------	-----

Mr. Gauthier	529
--------------------	-----

Mr. Peterson	529
--------------------	-----

Foreign Affairs

Mr. Robinson	529
--------------------	-----

Mr. Manley	529
------------------	-----

Mr. Robinson	529
--------------------	-----

Mr. Manley	530
------------------	-----

Business Development Bank

Mr. Clark	530
-----------------	-----

Mr. Tobin	530
-----------------	-----

Mr. Clark	530
-----------------	-----

Mr. Tobin	530
-----------------	-----

Human Rights

Mr. Moore	530
-----------------	-----

Mr. Gray	530
----------------	-----

Mr. Moore	530
-----------------	-----

Mr. Manley	530
------------------	-----

Cost of Petroleum Products

Mr. Brien	531
-----------------	-----

Mr. Peterson	531
--------------------	-----

Mr. Brien	531
-----------------	-----

Mr. Peterson	531
--------------------	-----

Employment Insurance

Ms. Meredith	531
--------------------	-----

Mrs. Stewart	531
--------------------	-----

Ms. Meredith	531
--------------------	-----

Mrs. Stewart	531
--------------------	-----

International Trade

Mr. Paquette	531
--------------------	-----

Mr. Boudria	531	Health	
Mr. Paquette	532	Ms. Wasylcia–Leis	536
Mr. Gray	532	Mr. Gray	536
Gun Control		Presence in Gallery	
Mr. Breitzkreuz	532	The Speaker	536
Ms. McLellan	532		
Mr. Breitzkreuz	532		
Mr. Gray	532		
Automobile Industry			
Mr. Assadourian	532		
Mr. Tobin	532		
Foreign Affairs			
Mr. Blaikie	532		
Mr. Manley	533		
Mr. Blaikie	533		
Ms. Minna	533		
Agriculture			
Mr. Borotsik	533		
Mr. Vanclief	533		
Mr. Borotsik	533		
Mr. Vanclief	533		
Correctional Service Canada			
Mr. Spencer	533		
Mr. MacAulay	533		
Mr. Spencer	533		
Mr. MacAulay	533		
Reproductive Technologies			
Ms. Picard	534		
Mr. Gray	534		
Ms. Picard	534		
Mr. Tobin	534		
Fisheries			
Mr. Cummins	534		
Mr. Dhaliwal	534		
Mr. Cummins	534		
Mr. Dhaliwal	534		
Atlantic Canada Opportunities Agency			
Mr. Cuzner	534		
Mr. Thibault	535		
Foreign Affairs			
Mr. Thompson (Wild Rose)	535		
Mr. MacAulay	535		
Mr. Thompson (Wild Rose)	535		
Ms. Caplan	535		
Indian Affairs			
Mr. Marceau	535		
Mr. Nault	535		
Foreign Affairs			
Ms. Augustine	535		
Mr. Kilgour	535		
Trade			
Mr. Lunn	536		
Mr. Gray	536		
Petroleum Product Prices			
Mr. Brien	536		
Mr. Tobin	536		
		ROUTINE PROCEEDINGS	
		National Defence Act	
		Bill C–259. Introduction and first reading	536
		Mr. Mark	536
		(Motions deemed adopted, bill read the first time and printed)	537
		Holidays Act	
		Bill C–260. Introduction and first reading	537
		Mr. Mark	537
		(Motions deemed adopted, bill read the first time and printed)	537
		Patients' Bill of Rights	
		Bill C–261. Introduction and first reading	537
		Mr. Thompson (New Brunswick Southwest)	537
		(Motions deemed adopted, bill read the first time and printed)	537
		Fishers' Bill of Rights	
		Bill C–262. Introduction and first reading	537
		Mr. Thompson (New Brunswick Southwest)	537
		(Motions deemed adopted, bill read the first time and printed)	537
		National Agriculture Industry Relief Coordination Act	
		Bill C–263. Introduction and first reading	537
		Mr. Borotsik	537
		(Motions deemed adopted, bill read the first time and printed)	538
		Parliament of Canada Act	
		Bill S–10. First reading	538
		Mrs. Jennings	538
		(Motion agreed to and bill read the first time)	538
		Petitions	
		Mr. Arthur Kabunda	
		Mr. Godin	538
		Criminal Code	
		Mr. Gouk	538
		Health Care	
		Mr. Gouk	538
		Palliative Care	
		Mr. Gouk	538
		Employment Insurance	
		Mr. Thompson (New Brunswick Southwest)	538
		Questions on the Order Paper	
		Mr. Lee	539
		Request for Emergency Debate	
		Agriculture	
		Mr. Borotsik	539
		Speaker's Ruling	
		The Speaker	539
		GOVERNMENT ORDERS	
		Financial Consumer Agency of Canada Act	
		Bill C–8. Second reading	539
		Mr. Epp	539

Mr. Stoffer	540
Mr. Epp	541
Mr. Stoffer	541
Mr. Epp	541
Ms. Picard	541
Mr. Grewal	544
Mr. Peschisolido	545
Mr. Mills (Toronto—Danforth)	546
Mr. Peschisolido	546
Mr. Martin (Winnipeg Centre)	547
Mr. Assadourian	550
Mr. Martin (Winnipeg Centre)	550
Ms. Wasylcia—Leis	550
Mr. Martin (Winnipeg Centre)	551
Mr. Assadourian	551
Mr. Martin (Winnipeg Centre)	551
Mrs. Tremblay	551
Mr. Rocheleau	553
Mrs. Tremblay	554
Mr. Blaikie	554
Mr. Blaikie	556

Mr. Benoit	556
Mr. Blaikie	557
Mr. McKay	557
Mr. Blaikie	557
Mr. Marceau	557
Division on motion deferred	559
Employment Insurance Act	
Bill C-2. Second reading	559
Mr. Stoffer	559
Bill C-2—Notice of time allocation	
Mr. Boudria	560
Mr. Strahl	560
Mr. Boudria	560
Second reading	
Mr. Desrochers	561
Mr. Lanctôt	562
Mr. Desrochers	563
Mr. Bagnell	563
Mr. Desrochers	563
Mr. Sauvageau	563
Mr. MacKay	565

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