they can say that government is doing something right. Government used to do it. Let us do it again.

Mr. Dennis Mills (Broadview—Greenwood): Mr. Speaker, I am happy to have the opportunity to speak on this Bill C-73.

I go back to an experience I had in 1985 and 1986. I worked with a gentleman who I think was one of the most exciting entrepreneurs in Canada, a gentleman by the name of Frank Stronach who runs a company called Magna International. Magna is the most diversified auto parts manufacturing company in Canada. Eighty-five per cent of its sales are exports. The company competes against the Germans and the Japanese. It does very well. The principle behind Magna is its unique corporate culture. Central to that culture is the fact that all employees are shareholders in the corporation.

• (1205)

When I first heard of this bill coming before the House of Commons, I was intrigued. In fact, I initially thought that it was an example of the post office heading in the right direction. However, the closer I got to the bill, the more I read and the more I investigated, the more I realized that this is nowhere near the Magna principle of equity participation and profit sharing for employees. That is why I am opposed to it.

I have said in previous readings on this bill that the concept of equity participation of employees is a principle that I endorse but there has to be a framework. It all has to hang together. There has to be a set of rules and regulations that the directors and management of the company have to follow in order for that arrangement to work properly.

I would like to go back to Magna and take a few minutes to read from its corporate constitution. I will show how its program for equity and profit for employees is different from this particular bill. I believe that difference is why this particular bill will not be of benefit to the employees and is not a good thing to proceed with.

First of all, when the Magna corporation put its constitution and culture together, it made sure that it all fit. One cannot just talk about 10 per cent equity or profit sharing for employees without talking about principles that the rest of management has to adhere to. One cannot just talk about it. One has to put it down in black and white. It has to be there in a form in which everyone in the corporation is totally accountable.

Let me just take two minutes to read the Magna corporate constitution. Under board of directors, Magna believes that outside directors provide independent counsel and discipline. A majority of Magna's board of directors will be outsiders.

Under employee equity and profit participation, 10 per cent of Magna's profit before tax will be allocated to employees. These funds will be used for the purchase of Magna shares in trust for employees and for cash distribution to employees in recognizing both performance and length of service. This is a situation where it is not the employees buying the shares. It is that 10 per cent of Magna's profit before tax is to be allocated to buy the shares for the employees.

Under shareholder profit participation, Magna will distribute on average 20 per cent of its annual net profit to its shareholders.

Under management profit position, in order to obtain a long-term contractual commitment for management, the company provides a compensation arrangement which, in addition to a base salary comparable to industry standards, allows for the distribution to corporate management of up to 6 per cent of Magna's profit before tax.

Another key component of this constitution is research and technology development. Magna will allocate 7 per cent of its profit before tax for research and technology development to the long-term viability of the company.

• (1210)

Under social responsibility, the company will contribute a maximum of 2 per cent of its profit before tax to charitable, cultural, educational and political institutions to support the basic fabric of society.

Under minimum profit performance, management has an obligation to produce a profit. If Magna does not generate a minimum after-tax profit of 4 per cent on share capital for two consecutive years, class A shareholders voting as a class will have the right to elect additional directors.