

There's the rub, honourable senators, because from my information, postal employees, seniors and others no longer believe this government. After eight years of saying one thing and doing another, I cannot blame them. They believe that this is an important step toward privatization.

I am speaking of labour organizations such as the Canadian Labour Congress, the Canadian Union of Postal Workers and the Public Service Alliance of Canada. I am also speaking of seniors' organizations, such as the National Pensioners and Senior Citizens Federation and the Alberta Council on Aging, as well as organizations such as Rural Dignity of Canada and the Canadian Post Masters and Assistant Association, who are particularly concerned about the effects of privatization on rural Canada. They firmly believe that Bill C-73 is this government's first initiative toward privatizing Canada Post.

I expect and hope we will hear from these organizations at committee, because Senator Meighen intends to move that the bill be referred to committee if it receives second reading.

That brings me to a second aspect, which merits our closer attention; whether passage of Bill C-73 jeopardizes the quality of postal service in Canada, service to rural areas and would interfere with the independence of Canadian citizens, all in the name of generating larger profits. I will explain in a moment what I mean by "independence".

Though the question of rural post offices is not specifically mentioned in the bill, my research, correspondence and phone calls I have received have convinced me that many are concerned that this legislation will hasten the erosion of postal services to Canadians residing outside our metropolitan areas.

To be sure we have a clear understanding of what Bill C-73 contains and to find out what changes it might make to the way things are now, I will start with the nature of its existence legally at the moment. Canada Post is a Crown corporation which has no share structure. The Government of Canada simply owns the equity of Canada Post. Bill C-73 would give authority for the issuance of different classes of shares.

The bill provides that the Canada Business Corporations Act, which is the act governing the normal affairs of Canadian business corporations, would direct the manner in which Canada Post could issue, acquire or redeem its shares. Canada Post would be authorized to prescribe its own bylaws, which is a normal authorization one gets when one is incorporated under the act. However, unlike most corporations, it could disregard large portions of the Canada Business Corporations Act.

I am saying all this because one main purpose of the act, as Senator Meighen has pointed out, is this corporate structure

aspect and the issuance of shares. That gives the impression we are organizing Canada Post on a normal share-structure basis and then offering the employees shares. It is irresistible for us to think that what will happen is that Canada Post will be made a corporation. We have all had some experience with corporations. The employees will then have an option to pick up 10 per cent of the shares and be shareholders in the normal sense that we give to the word "shareholders".

Because the corporation could disregard large portions of the act, the act in this case would serve primarily as a guide or guidebook for Canada Post. The board of directors, comprising a chair, the President of Canada Post and nine other directors, would be required to seek approval of proposed bylaws from the Governor in Council, the minister responsible for Canada Post, the Minister of Finance and the Treasury Board.

Under the bill before us, employees could secure a maximum of 10 per cent of the corporation's shares. The bill prescribes that the capital of Canada Post, the share capital, would consist of an unlimited number of shares. As honourable senators know, in the normal circumstance one applies for an authorization to issue a certain number of shares, what in the lingo is called the authorized capital or the amount one is authorized to issue. However, in this case, as I read it, the capital would consist of an unlimited number of shares. There would be no authorized capital limited in the old sense. The board could define separate classes of shareholders, which is normal, and attach rights, privileges, restrictions and conditions to a specific class. That is also normal.

Therefore, the board is given the right to set conditions, make adjustments and apply restrictions, but any such actions would be subject to final endorsement of the appropriate government authorities. The minister responsible for Canada Post would be able to acquire and retain shares in trust for the Queen. Canada Post would be able to release the first issue of shares to the minister without collecting any payment. That is certainly an anomaly in the normal framework — a mutation, as Darwin would call it — in share capital organizations where the whole point of issuing shares is to raise capital.

I imagine honourable senators realize by now that what I am trying to underline is that we must look carefully at this bill. What I am saying is not necessarily a reason to reject it. When we talk about the 10 per cent share and this plan for allowing the employees to become involved as shareholders, we must realize that what we are looking at here is, indeed, a mutation or an anomaly, not the kind of share capital organization with which most of us are familiar.