

Government Orders

With the appropriate policy changes on the tax side and various other changes we could have built a transportation system publicly owned on one side by CNR and privately owned on the other by CPR which would have been environmentally friendly because it would have been in favour of the railways. We have failed to do that. This will only lead to more trucking and to a transportation system which in my judgement will be less fit for the future than the one we have now.

[Translation]

Mrs. Pauline Picard (Drummond, BQ): Mr. Speaker, I am happy to participate in the debate on Bill C-89. You may wonder why the health critic is interested in privatization or in Bill C-89. I am interested in this matter because CN trains go through my riding; they even go through one of the largest cities in my riding.

This bill would allow the government to privatize the most symbolic of Crown corporations: CN. It is surprising, to say the least, to see how fast symbols are disappearing from Canada these days. Institutions that were previously considered a sacred trust are now faced with the sorry state of government finance.

The CBC's mandate has gradually eroded, since the government no longer gives this corporation the financial resources needed to meet its original goals. The Canadian health care system is also caught in our government's financial mess. While some still see our health care system as the great Canadian unifying project, many realize, in the light of what is happening across Canada, that the provinces can only do so much given the federal government's unilateral cuts.

Privatizing CN would remove another page from our album of Canadian symbols. No other institution has done so much to help shape Canada as we still know it today.

How many towns and regions took shape and developed around the railways? Yesterday's symbols are being destroyed by the government's financial impasse. Through this bill, the government wants to establish a mechanism that would allow it to remove one of these symbols from its public accounts.

By and large, we agree with this move. We will, however, monitor this operation very closely so that privatization does not become a mess like the recent shady deal relating to Pearson airport in Toronto. We clearly cannot let the interests of the government's wealthy financial backers prevail over those of taxpayers, who own CN. There are some justified fears that the Pearson airport mess does nothing to allay.

• (1310)

The bill says that the shares of CN will be transferred to the Minister of Transport, who will hold them in trust for the Government of Canada. On the direction of the Minister of Transport, CN will have to submit an application for a certifi-

cate of continuance under the Canada Business Corporations Act. In fact, CN will cease to exist as a crown corporation and become a business corporation.

The bill imposes certain constraints on the new articles of continuance of CN. First, the voting shares that an individual or group of persons can hold is limited to 15 per cent; second, the head office is to remain in Montreal; and third, once privatized, CN will remain subject to the Official Languages Act.

If passed, this bill would authorize the Minister of Transport to deal with shares of CN with the approval of the Minister of Finance. The Bloc Quebecois has nothing against the principle of privatizing CN. However, we hope that CN will really see its efficiency and competitiveness increase as a result of privatization, as the government claims it will. To ensure that the transaction will produce the expected level of competitiveness for the new owners, CN should not be sold at reduced price. We intend to monitor the government closely in that regard, to prevent taxpayers from making a nice big gift to a privileged few.

So, reviewing the provisions of this bill, we find certain flaws that we would like to see remedied before final approval. Clause 8 of the bill imposes a constraint on the total percentage of shares that an individual or group of individuals can hold. The limit is set at 15 per cent. On the other hand, under clause 8(5), a group of individuals known to be associates would be allowed to hold more than 15 per cent of CN shares on presentation of a mere solemn declaration to the effect that these individuals will not act in concert.

It would be up to CN management to determine whether the group in question stood by their solemn declaration and really acted independently rather than in concert. Our main concern is that this leaves the door wide open for a foreign takeover, since a holding could meet these conditions. Several companies operating independently may in fact have the same majority shareholder. This provision, combined with the lack of constraints on foreign ownership, makes us fear a possible loss of Canadian control.

It is the minister's responsibility to keep this asset, built with money from the taxpayers of Quebec and Canada, under Canadian control. It would be unacceptable, after investing billions in public funds in that railway network, to let it fall into the hands of foreign interests. CN must remain under Canadian control to avoid a rerouting of its traffic to feed American railway companies.

Clause 8(5) is unacceptable in its current form, since it allows a foreign group made up of related companies to acquire a majority of CN's shares. The only protection against an effective takeover is a decision by CN's board members to the effect that these businesses comply with their pledge not to act in a concerted manner.