



House of Commons Debates

VOLUME 133

NUMBER 074

1st SESSION

35th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Monday, May 30, 1994

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Monday, May 30, 1994

The House met at 11 a.m.

Prayers

PRIVATE MEMBERS' BUSINESS

[*English*]

INCOME TAX ACT

The House resumed consideration of the motion.

Mr. David Walker (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is with a great deal of enthusiasm that I join in this debate on the private member's motion first presented to the House by the member for Nepean.

The need for change to the child support system is recognized by Canadians and the government. As many in the House have noted the question of child support touches deeply and in many respects is a very personal issue. It relates to family responsibilities and to the well-being of our children.

(1105)

Accordingly the government is committed to broad consultations with those Canadians most affected. That is why a task group of MPs has been formed to conduct a series of open round table discussions on child support.

[*Translation*]

As many of you will have noticed, the subject of child support payments raises, when it comes to parental responsibilities and the well-being of our children, questions which are deeply felt and which in many respects are very personal.

This is why the government is committed to broad consultations with those Canadians most affected. It has, therefore, set up a task force of members to hold a series of open round table discussions on the subject of child support payments.

[*English*]

As a member of that task group I welcome the deliberations of the House. They constitute a thoughtful and highly valued source of advice. At the same time I am confident that whatever

the results of our current debate, the House shares my eagerness to hear what Canadians will say to the task group.

Over the coming weeks we will be asking Canadians to share their experiences and make suggestions with respect to the tax treatment of child support. The task group will provide feedback and advice on this issue to our government colleagues.

We have worked out a schedule to reach a cross-section of Canadians, including representatives of custodial and non-custodial parents, child advocates, women's organizations, lawyers, accountants, community groups and others concerned about this issue.

We have set out a schedule of meetings in Regina, Montreal, Vancouver, Winnipeg, Moncton, Toronto and Ottawa and are providing ways for those not in those cities also to participate and make their views known to the task group, to the government, and to the House.

The task group will listen to Canadians with an open mind, guided by a number of clear principles. Our over-arching principle is that the child's needs come first. Tax rules for child support must place paramount importance on the welfare of children.

Second, we are committed to the principle of fairness. That includes fairness between custodial and non-custodial parents as well as fairness to other taxpayers. We must treat all family situations equitably whether there has been a marriage breakup or not.

Third, while tax equity demands that tax be paid on income, this exercise is not at all about increasing government revenues.

The issue surrounding child support payments encompasses more than just their tax treatment. Questions relating to levels of support and enforcement are critical as well. It is a sad fact that a great majority of single mothers in Canada receive no support payments at all for their children and that the great majority of support orders are not obeyed.

Our goals therefore are broader than those of the current motion. We want to create a more equitable system for child support determinations. That includes generally increasing the value of child support awards, simplifying the process, providing similar awards in similar family situations.

I can understand that Canadian women affected by the Thi-baudou decision may be sceptical of the government's intent. I want to reassure them that although the decision is being

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appealed the government recognizes the need to improve the child support system.

The fact remains, however, that the court's ruling has led to tremendous uncertainty and possible chaos in Canadian family law. As well, in dealing with only the income inclusion and not the deduction the ruling has created an unbalanced system.

We expect to achieve significant progress toward a better system by the end of this year. That includes reviewing the tax system, legislating child support formulas to simplify the system and finding more effective ways to enforce support orders.

[Translation]

We hope to be able to make significant improvements by the end of the year, specifically through revision of the tax system and legislative measures on child support formulas in order to simplify the system and with a view to finding more efficient means of enforcing support orders.

(1110)

[English]

I am confident that the insights Canadians will provide the task group will make a major contribution to this important work.

I thank the hon. member for her motion and the House for the opportunity to speak today.

Mr. Ian McClelland (Edmonton Southwest): Mr. Speaker, I too am very happy to speak to this motion and I wish to congratulate the hon. member for Nepean for bringing it to the floor.

The motion, for those watching this on television, has to do with the taxing of child support payments. It states that taxes on child tax support payments should be paid by the payer rather than the recipient. On its face it tends to make sense, but when we delve into it a bit deeper we find a host of interrelated considerations.

This bill is particularly timely following as it does the Thibaudeau decision recently received from the Supreme Court. This decision has caused a general review of the whole situation of tax status and the support paid to families after a marriage breakdown.

I have a couple of insights I would like to bring to this debate and to the broader debate, but I want to assure those watching on television that whether this bill survives or passes the Commons, this is not the end of the story. It will go on. Parliament will come to a reasoned position, one that will be satisfactory to all of the various perspectives on this issue.

The broad perception is that the tax treatment is not fair. I have a fair amount of personal experience in this because I have been paying maintenance payments, as many people have, for years. My ex-wife and I have talked at great length about this. We have come to an agreement outside the judiciary on how we would handle it.

The real problem was alluded to in a presentation by the hon. member who preceded me. It is that the vast majority of people who are required to make maintenance payments do not and they skip. When we are looking at this we have to look at it in the broader context. How do we get the deadbeat parents to accept responsibility for looking after the children that they brought into the world? Why is it that every time we turn around in our country we are able to escape whatever responsibilities we should have as individuals and pass them off to the state?

The broader question is how do we go about nailing the deadbeats, whether they are male or female. Perhaps we should look at changing the income tax structure so that if money is paid by the state, then the people who owe it have to pay it back.

If the individuals owed the tax department the money, would they get away with it? I think not. If they do not make their payments and look after their responsibilities we as a people, as a nation, are forced to look after their responsibilities.

As we go down this road it is going to be very important not only to consider what is fair to the people who are involved, but what is fair to the taxpayers and to once again inculcate the sense of responsibility to people when they bring children into the world to look after their responsibilities.

The problem is interprovincial because if people skip from one province to another, they have to be tracked. It is a question of will. If people involved in the breakdown, in the divorce, are rancorous and do not want to pay, how do we go about doing this with a sense of fairness so that they will pay? It is the children who are involved that we want to protect.

I would like to read briefly from a very thoughtful letter I received from a constituent on this issue just the other day. Her name is Zanne Cameron and she wrote quite a long and involved letter. It is very touching:

As a single parent receiving support payments, I was immediately bumped into a 33 per cent tax bracket. The GST was introduced the same year, and I have seen health care premiums increase from \$80 in 1983 to \$180 quarterly in 1994. A middle class income is no longer \$35,000 a year. It is somewhere over \$45,000 or more. Yep, it is tough out there. You know what, though? It is not tougher for me than for married couples or single people with no children. Making a living is not easy.

(1115)

In the broader context of doing what is right, we have to do what is right for the family. The question then comes up, if people are not divorced and choose to stay home and raise a family or if one parent does, how is it that family then does not

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get the same tax break? That family cannot income split the same as a divorced family does.

We should be ensuring there are reasons for families to stay together rather than to break up. We cannot look at this as a straight forward tax this person or tax that person situation. We have to look at it based on what is best for the children and what is best in the context of our nation.

I would like to read once more from Miss Cameron's letter:

No matter how you dice it, support payments are income to the receiving parent. This is not really a feminist issue at all. All parents, single or married, must pay taxes on their income. We as women are not special here, nor are we the only single parents. The fathers of these children are also their parents, some more so than others, but these are private issues. I do not feel that it is fair to assume that all divorced men with children neglect them.

In conclusion, we cannot automatically assume every marriage breakdown is the same. We cannot automatically assume every divorced dad or every divorced mom is not conscious of their responsibilities and may not end up being a better parent because of the situation they are in.

Miss Cameron goes on to make a solemn kind of suggestion which is that the income be split. The more one thinks of it, the more sense it makes. Rather than taxing all one or the other, split it down the middle and tax 50 per cent to the recipient and 50 per cent to the payer. It does not necessarily have to be all one way or the other. In a divorce, heaven knows there are all sorts of very complicated issues which arise.

As part of a judgment why not decide who is going to get the tax benefit so as to induce the most possible income will go to the children? Why could it not be left that a person who is in a fairly high tax bracket will make the payment to someone in a low tax bracket to give the benefit of the tax deduction 100 per cent to the payer? In another situation, if the recipient does not want to pay any tax and the payer is quite happy to pay the tax, then why could that not be done, or any combination?

We do not have to go all in one direction or all in another. If for the sake of the tax department and for the sake of simplicity we need to have it all one way or another, then it would seem to me the appropriate thing to do would be to split it 50:50.

I want to reiterate to all of the people affected by the Thibaudeau decision that on the face of it it does tend to make a lot of sense. Many people out there think that perhaps this Parliament is not sensitive to their needs. However, I want to assure everyone that at least from this side of the House, I know from the government side, but I think also from the Bloc, we are going to work together as parliamentarians to come to an agreement on this which will be palatable both to the payers and the recipients and fair to all concerned. This is particularly to benefit the children involved.

(1120)

Ms. Marlene Catterall (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, I am pleased to have this opportunity to speak in support of the motion of my colleague, the member of Parliament for Nepean, and to compliment her on bringing this issue to the House for debate.

In her motion the member is addressing a crucial factor contributing to the poverty of women and children in Canada. That is the tax treatment of support payments in cases of divorce or separation.

Twenty years ago I first heard a woman who had been through the experience deliver the warning that any woman is one husband away from poverty. In 1994 the situation has not changed much. The most recent report of the Vanier Institute confirms that the majority of women who walk out of a marriage walk into poverty. The actual figure is that two-thirds of women whose marriages break up end up in poverty, along with their children.

When Statistics Canada conducted its recent comprehensive survey of women's experience of violence, it learned that 45 per cent of women had experienced violent abuse during a previous marriage; 15 per cent reported being victims of violence in their current marriage. These figures indicate that women do leave abusive marriages in great numbers, but to escape the danger of a violent marriage they must be prepared to accept the abuse of poverty.

When single mothers are poor, their children are poor. Since this Parliament unanimously adopted a resolution to end child poverty by the year 2000 the situation has become worse, not better. At that time one in six Canadian children lived in poverty. Now that ratio has grown to one in five, an increase by 20 per cent of the number of poor children in one of the wealthiest countries in the world.

As we promote better education and training, we ignore the single greatest factor in children dropping out of school: poverty. A poor child is four times as likely to leave before completing high school.

As we try to address the challenge of maintaining a universal, accessible health care system while containing its costs, we are failing to address a significant factor adding to the demands on our health care system: poverty. Poor children are many times more likely to be seriously ill, to have serious accidents and yes, to die than non-poor children.

The treatment of family income on the breakup of a marriage is the significant factor in the poverty of women and children. Report after report has shown the impact of both inadequate support payments, the failure in 75 per cent of cases to pay the support as ordered and finally, the taxation of support payments in the hands of the custodial parent.

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Let me mention just a few of these reports from the last few years. The Federal-Provincial-Territorial Family Law Commission and its report on Financial Implications of Child Support Guidelines, May 1992. The Ontario Fair Tax Commission Report on Women and Taxation, November 1992. The Status of Women Canada, Analysis of the Tax Treatment of Child Support Payments, January 1993. Le rapport du Protecteur du citoyen de la province de Quebec on Child Support, Proposals for Reform, November 1993.

All these reports have said the same thing: the tax treatment of child support payments needs to be changed. It is hurting women and it is hurting children. All these reports identify the taxability of child support payments in the hands of the custodial parent as a major contributor to the poverty of women and children. Canada is the only country in the world that taxes child support payments in this way.

Most recently the Thibaudeau court decision has called the tax policy discriminatory on the basis of marital status because tax treatment for a couple supporting children is not the same as for two separated people supporting children. Our government has appealed this case in order to avoid the chaos of cases in the thousands coming before the court to vary orders which were established under the existing law and which some will argue took into consideration the tax treatment of support payments.

(1125)

The big losers again would be the custodial parents, most of whom are women, and their children. Most of them do not have the resources to ensure their interests are well represented before the courts.

Our government is committed to achieving an orderly transition from the present system to a better way. Our goals generally are to increase the value of child support awards, to simplify the process, and to create a more equitable system.

We realize the vast majority of single mothers in Canada receive no support payments at all for their children and that the vast majority of support orders are not obeyed. This represents not only a burden to that majority of single parent householders in this country, but to all of us as the responsibility for caring for these families is often assumed by our social security system.

Our goal as a government is to achieve concrete results by the end of this year, including reform to the tax system, legislating child support formulas and finding ways of working with the provinces to enforce support orders.

We know there are no easy answers. That is why an important part of this process of finding solutions is listening to the experience of people on the ground. That is why we have set up a task force to consult with Canadians, to consult with those

involved with this most unfair system and to find those solutions.

I want to congratulate my colleague from Nepean for bringing forward this issue. With her motion she has ensured that at last Parliament and not the courts will address the inequities of the current tax laws. She will have to her credit what is all too rare in our system: an action by an individual member of Parliament that rights a wrong, that will potentially improve the quality of life and the future prospects of over one million Canadians. I congratulate her.

Mr. Pat O'Brien (London—Middlesex): Mr. Speaker, I commend the hon. member for Nepean for bringing forth this motion. This motion will help us participate in a much needed debate on a very important topic.

Clearly the current system around the issue of child support payments is unfair. It is outdated and simply is not working. The hon. member has helped us to recognize this vital concern that the system must be reformed and that we must find a system which is fair to women, men and most especially to the children who unfortunately experience the breakdown of the family.

Understandably, this has been a topic of interest in my own riding of London—Middlesex and indeed obviously right across this country. This is a vital concern which interests all Canadians.

Both this motion and the Thibaudeau case show that the current system is not working. It is outdated and in bad need of repair. However, simply eliminating taxation of support payments will not necessarily improve the situation.

Without discrimination against women I support the appeal of the decision and the task force to consult further into taxation measures and enforcement of child support payments. We need a more balanced system which is fair to all involved. However, I say again most especially we need a system that keeps as its first priority an adequate level of support paid regularly and on time to the children who have experienced the breakdown of their family.

On a personal note, as an educator for some 21 years in Ontario I can attest to the learning and social difficulties experienced by many children who come from broken and poorer families. All too often these children are unhappy in school and they underachieve as a consequence. Let me hasten to add there are many obvious exceptions to that. There are young people who are so well balanced and mature they manage to live through the breakdown of the family and carry on fairly nicely to successfully complete their education.

(1130)

I say again, and any teacher anywhere in this land can tell you, all too often that is not the case. All too often these students have a number of problems which must be overcome if they are to successfully complete their education. Many times, unfor-

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unately, that education is interrupted or prematurely ended because of the problems that I have mentioned.

I commend the hon. member for this motion. We have heard many people speak out on the issue in our ridings, in the media, in this Chamber and obviously in the courts. Times have changed and the legislation to deal with this important problem must keep pace with the times.

As it now stands, the government is short \$330 million in tax payments and \$660 million in deductions. The issues that this case and this motion raise go far beyond narrow questions of taxation or legal interpretation. Most important and as part of his comprehensive review of social programs, the Minister of Human Resources Development in co-operation with the provinces will have to come to grips with the fact that the vast majority of single mothers in Canada receive no support payments at all for their children and that the vast majority of support orders are not obeyed. That is a pathetic fact that I think we all acknowledge. Indeed, one of my colleagues across the way spoke to this on a more personal basis earlier.

We simply cannot have the courts and the laws of this country flouted in such an important area as the support of one's offspring.

The system dates back to 1942. That date alone calls to mind that the system is outdated. The problem was that lawyers and judges frequently failed to increase payments to offset taxes. High income fathers got off without paying tax on part of their income while children suffered to make up the shortfall. Even with the tax benefit a majority of support agreements are in default in Ontario and some two-thirds of children from separated families live in poverty. That point has been made before in this House and today again, but it is a point that is so dramatic that it cannot be made too often. Some two-thirds of children from separated families live in poverty and the fallout of that, both in the school systems and in society at large, is incalculable. It is really a major problem that our society must come to grips with.

A modern and comprehensive approach would boost enforcement and set minimum support guidelines to ensure that children are properly served.

I am pleased to see the emphasis on fairness to Canadian women and I am sure the first people to support this would be those very women. The priority must at all times be the children involved. Whatever is going to be most effective to make sure that they are adequately cared for is the system that I and Canadians want to support.

To sum up, an appeal of the Thibaudeau decision may not seem necessary since Ottawa and the provinces are already studying ways to improve child support guidelines. I think the

appeal is a good step as it will help us come to grips with the system in a more comprehensive way and to find that balanced system which we are sorely lacking right now.

Because the court only examined one side of the formula, the tax but not the deduction, there is this imbalance of which I speak. The father can claim the deduction but the mother no longer pays tax, a far richer subsidy than anyone intended. I do not think there can be anyone in this House and I have heard from very few Canadians who would object to the statement of the hon. Minister of Finance. He put it very succinctly and he put it very well and with common sense: Someone has to pay the tax.

The fact of the matter is that someone must pay that tax. It cannot simply be forgone.

In closing, I support the task force chaired by the Secretary of State for the Status of Women because I fully recognize with the government the need for change. Again I commend my hon. colleague from Nepean for her motion. I hope the end result of this process will be a much fairer system recognizing the needs of the children.

(1135)

Mr. Paul DeVillers (Simcoe North): Mr. Speaker, I am pleased to offer my support to this motion which calls for the government to amend the Income Tax Act so that child support payments are no longer considered taxable income for the recipients.

I would first congratulate the hon. member for Nepean for raising this matter in the House of Commons.

Last March I wrote to the Minister of Finance urging him to make changes to the Income Tax Act in order to rectify this inequity. In the past few weeks the issue was thrown into a state of chaos by the Federal Court of Appeal rendering its judgment in the well publicized Thibaudeau case.

In effect the court ruled that separated custodial parents did not have to include child support payments as part of their income when filing income tax returns. This decision has raised public attention to the urgency of reforming the Income Tax Act with respect to child support payments. I am proud to see that this government recognizes the importance of this issue and is already taking measures to address the matter in the fairest way possible.

[*Translation*]

I have no problem supporting this motion as well as the government's recent decision to appeal the Federal Appeal Court's ruling. I must admit that, at first, I was having my doubts regarding the government's decision, but I then realized that appealing this judgment would better serve the interests of those who were the most concerned, namely children.

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[English]

The government appealed the Thibaudeau decision so it may come up with a better arrangement to avoid a potentially disastrous situation in the meantime. It is my understanding that the court's ruling is causing much confusion among both support payers and recipients.

Lawyers from across the country are receiving phone calls from clients who want their support payments lowered. If the court ruling was allowed to stand thousands of applications would have to be litigated, Canadian courtrooms would be clogged and the result would be needless anguish and expense for all parties concerned.

In addition, it is also thought that the recent court decision would further aggravate the problem of failure to pay support payments since non-custodial parents would have less incentive to comply with court mandated support payments without the benefit of tax deductions.

Moreover, since the federal appeal court's decision did not deal with the deductibility of child support by the payer it left in question how the tax will be paid on income that is directed to child support.

If the ruling was left untouched its effect would be that separated parents unlike other parents would not be required to pay taxes on money they use to support their children. Clearly this type of scenario would create a very unfair situation for married couples with children.

[Translation]

The government, realizing that a change is due, is going to consult Canadians who are the most directly affected. The Secretary of State for the Status of Women will head a task force made up of MPs, which is to hold a series of public hearings, very shortly, on various issues regarding child support, including the tax system, and report to the government.

Moreover, the Minister of Justice asked a federal-provincial-territorial committee on family law, which is presently looking into a whole range of issues concerning child support, to present its report before the end of the summer.

The findings of the task force and of the family law committee will guide the government in its review of a new and fair child support system.

[English]

Currently there are over 1.2 million children who live in poverty. If we consider that among female lone parent families 62 per cent have income below the poverty line it is easy to see where the majority of these children come from.

In my opinion, the tax rules relating to child support payments probably have something to do with these grim statistics.

I believe the question at hand is one of fairness for single parents and their children. Child poverty has reached frightening levels in this country. It must be dealt with now. This government will soon introduce measures that will improve the circumstances of single parents and their children. By making reforms to the tax system and legislating child support formulas to simplify the system, this government will demonstrate its commitment to tax equity and reducing child poverty.

(1140)

This is a very important area of social policy and merits a great deal of the government's time and attention. Unfortunately the opposition parties are much more preoccupied with constitutional issues and questions such as law and order. The threat of Quebec separation creates economic instability and stifles our growth, but worst of all it detracts our attention from important social matters that need to be addressed urgently.

I am sure the members of the Reform Party would notice a huge difference in the crime statistics they quote so often if issues such as child poverty were the priority of all members of this House.

Ms. Roseanne Skoke (Central Nova): Mr. Speaker, I am pleased to speak to the motion today. I congratulate the hon. member on behalf of Canadians families for taking the initiative to bring this bill forward.

Tax treatment of child support is not merely an issue of taxation. The tax treatment of child support goes to the fundamental principles of justice and equity. The paramount consideration in determining the issue of tax treatment of child support must be in the best interest of our children and in the best interest of the family, not the legal or economic considerations which are often the determining factors in taxation issues.

Fundamental to this legislative debate here today are the principles of equity and fairness. To tax child support payments is inequitable. To give a tax deduction to the payer of child support is inequitable.

During my 17 years of practice in the field of family law I saw the burdens that exist as a result of the inequities both economic and social and that are still existing today due to the marriage breakdown and the breakdown of families and family life.

The economic and social inequity is borne by the custodial parent who is left without the burden to provide the financial and the non-financial contribution to the support of the children as a result of marriage breakdown.

I draw the attention of the House to the Moge and Moge Supreme Court of Canada case and its reasoned judgment which gives details of the hardship, the economic disparities, poverty and inequities that exist as a result of marriage breakdown in our society today. I also draw attention to the allocation of child support, the quantum and the inequities that exist throughout

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our country. I recommend this decision to members for their reading for background information.

Another inequity that exists is that a payer of child support should be rewarded with a taxation deduction to provide an incentive to support one's very own family. We should question the underlying issues of morality and equity and ask why Canada is the only country in the world to tax child support payments and to provide such a deduction to the payer.

Another inequity in the present system is that the families that stay together and are united in marriage are not provided a tax deduction or allowed income splitting to provide economic equity for our stay at home mothers or one income families.

In conclusion, in keeping with the fundamental principles of justice and equity and to afford legal, economic and social protection of our families as they exist today, all the inequities that are raised in this bill must be addressed without delay.

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services): Mr. Speaker, I am pleased to be given the opportunity to speak on this particular proposal.

The Thibaudeau case has occurred, the appeal has been undertaken, there will be hearings, but what is important at the end of all of this is to remember the following. Most people, and most often women, do not get child support payments. Many of those who do—and I am told it is a majority—do not get them paid and many who do get them paid do not get them paid on time. It would seem to me that unless these particular problems are corrected at the end of the process we have done a great deal for very little.

(1145)

Let us remember there is a great deal of inconsistency throughout the country with respect to child support payments. Let us remember that one can be given a particular award in a particular province in a particular situation. Yet there can be a like situation and the award can be entirely different. That is within the one province, let alone comparing provinces and territories.

Let us also remember that most people rearing families after broken marriages are women. Let us remember that women's earnings, their ability to earn and to spend on themselves and their families, are reduced significantly as a result of marriage breakdown. Let us remember that whenever they attempt to get justice, either to have an appropriate amount paid or to have whatever was decided paid on time, it often costs them a great deal of money; most often resources they do not have.

[*Translation*]

Therefore, in my view, it is a matter of fundamental justice. A number of things have occurred. A ruling was handed down, an appeal will be launched and public hearings will be held across Canada. That is all well and good, but, as I mentioned earlier, if the problems I have identified—and I identified only a handful—are not resolved, it will be most unfortunate, because one thousand women, hundreds of men and thousands of children are adversely affected. There are no specific provisions in place to ensure that children do not fall into the poverty trap, that they receive what is rightfully theirs and that they enjoy the same opportunities as children who do not come from broken homes.

[*English*]

Those are the few comments I wanted to make. I reiterate that if at the end of the process the problems I have identified are not corrected it will be for naught. In most cases women and children suffer. We must correct that for their sake.

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration): Mr. Speaker, I am delighted to have the opportunity to make a few comments in this debate. I begin by congratulating the hon. member for Nepean on bringing forward the motion. Her interest in and her support for women and children caught in untenable situations have long been known. We are all very grateful to the hon. member for Nepean for bringing it to the forefront in the House of Commons.

With regard to the whole way the income tax system deals with the questions of child support and maintenance, there is a rather high level of misapprehension and misunderstanding out there among even those people who are involved in the system.

The first thing to remember is that we have a very bad rate of collection of maintenance and child support in the country. Currently only 37 per cent of child support orders are enforceable in Canada.

When I started practising law in 1980 it was worse. The non-compliers were in the high nineties. However clearly 63 per cent of child support payments are unenforceable and in the province of Ontario 80 per cent are either unenforceable or in arrears. That is unacceptable in a country like Canada. That is why I want to speak very much in favour of the government's initiative in setting up the task force to go across the country to consult with Canadians, the women who receive these payments on behalf of themselves and their children, the men who pay the payments, and the lawyers who represent them both.

The ramifications of the Thibaudeau case are not simple. They are very complex. The problems of the tax system are not simple; they are very complex.

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(1150)

We have here a question of fairness, not just fairness to those people who are the payers and payees of child support but fairness to families as my colleague from Central Nova and other colleagues have mentioned. There is a question of fairness to those mothers and fathers who co-parent and who also need tax breaks.

There is the question of poverty among women and children. It is very important to note that we should not separate women and children. The number of children who live below the poverty line is unacceptable and in the vast majority of cases their mothers live with them. We have to look at the problem and deal with it in the broader sense, not merely in the context of the Thibaudeau decision and in the context of the Income Tax Act.

Fair taxes are something that we on this side of the House are very concerned with. It is absolutely crucial that Canadians, and Canadian women in particular who think the Thibaudeau case was a bonus for them, understand there is more to it. We must have a policy.

I commend the Minister of Finance, the Minister of Justice, the Parliamentary Secretary to the Minister of Finance and the Secretary of State for the Status of Women. This task force will bring us the consultations we need to formulate the policy.

Hon. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I will be very brief. I simply want to say how much I support the motion of the hon. member for Nepean.

As other members have pointed out, in other countries including the United States, there is no tax on child support payments to women who receive them. Yes, there is taxation on alimony payments to former wives, to former spouses, but not on child support that is sent to a mother. If they can do it in the United States certainly this is one area where we can copy them.

I also simply want to make the point that fathers who are still in the family have the obligation in the family to support their children. There is no special tax break of the same nature that they have under the present law.

I simply as another member want to fully support the initiative of the hon. member for Nepean and hope that the court appeal will in no way impede in the long run what she is attempting to do.

Mrs. Beryl Gaffney (Nepean): Mr. Speaker, I would just like to have the consent of the House for a few moments to close the debate on this very important matter.

The Deputy Speaker: Is there unanimous consent, given that the time has expired, to grant a few more moments to the hon. member for Nepean?

Some hon. members: Agreed.

Mrs. Gaffney: Mr. Speaker, I wish to thank everyone on all sides of the House for speaking in support of Motion M-14.

The motion has received a tremendous amount of interest right across the country. There have been an incredible number of contacts made to me personally from every province, from women, from custodial parents and from payers whom I want to thank publicly in the House of Commons.

This motion was born because of the plight of children. We as a nation have said consistently that to look after children we must decrease poverty. We must ensure that our children are properly looked after.

It was because of people bringing the issue to my attention during the recent federal election campaign that I brought the issue forward in the House of Commons. It has been a great privilege for me to have had the opportunity to present it and to have three one-hour debates on the votable motion before the House.

Again, on behalf of all parents and all children, I hope we have unanimous consent in the House to approve the motion. I thank the Minister of Finance and the Minister of Justice. There is no doubt in my mind that we will move ahead to enact some change to the Income Tax Act to allow the children to be better taken care of.

[Translation]

Mr. Gagliano: Mr. Speaker, before you ask us to vote on this motion, as chief government whip, I would like to announce that this vote will be a free vote as usual. All votes on private members' business are free votes, and this one will be no exception.

(1155)

[English]

I just said in French that before Your Honour asks us to vote I would like to announce as chief government whip that the vote will be a free vote as usual in Private Members' Hour.

[Translation]

The Deputy Speaker: Pursuant to Standing Order 93, the hour provided for the consideration of Private Members' Business has expired.

Is it the pleasure of the House to adopt the said motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

Some hon. members: On division.

The Deputy Speaker: I declare the motion carried, on division.

(Motion agreed to.)

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[*Translation*]

BUDGET IMPLEMENTATION ACT

The House resumed, from May 26, consideration of Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994, as reported (without amendment) from the committee; and of Motions Nos. 23 to 38.

The Deputy Speaker: Resuming debate on the motions in group No. 5 or Motions Nos. 23 to 38 inclusive.

Mr. Michel Daviault (Ahuntsic): Mr. Speaker, I am pleased to speak on Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994.

The provisions of Bill C-17 respecting unemployment insurance are unacceptable, as a whole and individually, particularly as far as benefit rates are concerned.

In my speech on the budget, I reminded the House at the time that Montreal has become the capital of poverty. In March 1994, according to Statistics Canada, there were 151,270 UI recipients in Montreal. In the greater Montreal area, 18.5 per cent of families are living under the poverty line.

I have asked a question about the effects the increase in unemployment will have. The unemployment rate has grown from 9.1 per cent in December 1989 to 13.8 per cent in December 1993, exceeding the growth of the unemployment rate in Saint John's, Newfoundland, for the same period, while in Toronto it had gone from 4.1 per cent in December 1989 to 11.5 per cent in December 1993. I also pointed out that, even before consultations on the needs of the population start, the UI reform would have an absolutely catastrophic effect on the provinces' finances.

The budget measures will result in an increased need for social assistance at the expense of the provinces which will then have to cut, as usual, in their social programs and services because transfer payments are frozen.

Last Thursday, Statistics Canada announced that long-term unemployment had increased in 1990, 1991 and 1992, which means that fewer people received or qualified for unemployment insurance. It is estimated that more than 10 per cent of

unemployed workers have turned to provincial social assistance programs.

The Bloc Québécois has proposed that this Bill, in Clause 22, be amended by replacing line 16, on page 11, with the following: "(ii) the greater of 57 per cent of the".

The purpose of this amendment is simple. At present, the rate of weekly benefit payable to a claimant is equal to 57 per cent of his average weekly insurable earnings; the government plans to reduce this rate to 55 per cent. The Bloc is merely asking to leave it at 57 per cent.

As we know, insurable earnings are based on average insurable weekly earnings over the reference period. For example, a person whose average insurable weekly earnings amount to \$620 would see his or her benefits decrease from \$353 to \$341 if the bill is passed without amendments.

The government tackles its deficit by gradually eroding the benefits of the poorest.

Let us also keep in mind that the benefit rate will be reduced from 57 per cent to 55 per cent for about 85 per cent of recipients.

(1200)

Once again, government savings are achieved on the backs of the unemployed. I would like to remind you that businesses whose annual UI contributions are less than \$60,000 qualify for a tax credit to cover the increase in their contributions up to \$30,000.

What a funny UI program: the government does not have money to pay benefits to the unemployed but finds the necessary resources to pay some employers' contributions to that same plan. Another double standard, not to say anything about social equity.

The changes to the benefit structure are simply designed to erode income replacement programs and introduce the principle of justification based on means. The double benefit rate structure is outrageous. Like the Canadian Labour Congress, we must recognize that workers' income is not based on their family status any more than their premiums, hiring or dismissal.

For a government to conceive such a program strongly contradicts the principle of income replacement and other aspects of the labour market; it is a disgrace. This government is destroying the basic principle of income replacement that was the hallmark of the Canadian UI program for many years.

The formula described in clause 22 whereby a higher benefit rate would be given to low-income claimants with dependants hides the fact that other planned changes in this bill will decrease the benefits paid to these same people.

In fact, the advantage of a higher benefit rate will be cancelled by the stricter eligibility standard, a reduction of 12 to 10 weeks of work and a reduced benefits period. The real reason for this bill is to reduce benefit levels. I remind this House that the benefit level has already been reduced twice: from 66 to 60 per cent of salary under Bill C-21 in 1990 and from 60 to 57 per cent

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of insurable earnings through the amendments made in Bill C-113 in 1993.

How can the public not be cynical towards governments when it sees this Liberal government pursue the very policies it denounced when it was in opposition barely a year ago? I will take this opportunity to quote the present Prime Minister in a letter dated March 26, 1993 to opponents of Bill C-113: "The Liberals are dismayed by these measures. By reducing benefits and further penalizing those who voluntarily leave their jobs, clearly the Conservative government cares very little for the victims of the economic crisis. Instead of attacking the real problem, it is attacking the unemployed—" That was barely a year ago.

Conservative or Liberal, it is the same thing. The poorest people, who are the victims of this system, are attacked. The proposed changes in Bill C-17 will lower the benefit rate for the great majority of claimants to 55 per cent. The lower benefit rate was adopted for just one reason: to reduce spending on unemployment insurance.

Like others, including the Public Service Alliance, I reject the two-rate benefit structure described in this bill, as well as the lower general benefit rate. In fact, it is important for benefits to be paid to all claimants on the basis of their former employment income.

The government points out that the 60 per cent benefit rate will apply to only 15 per cent of claimants. However, I will add that the reduction of the benefit rate from 57 to 55 per cent will apply to 85 per cent of claimants. The Canadian Labour Congress points out that the higher benefit rate, even the 60 per cent rate for recipients with dependents and a low income, is not designed to increase the protection afforded to the unemployed.

The \$12 per week involved is cancelled out by more stringent eligibility standards or the duration of benefits, or both. In the case of workers deemed ineligible because they cannot even get 12 weeks of work, this means a total loss. The government did not tell us how many of those recipients who earn less than \$390 per week and who have dependents will lose everything.

(1205)

With this measure, the Liberal government is getting closer to the American pattern regarding weekly insurable earnings. Indeed, Canada reduces its rate from 57 to 55 per cent, while in most American States that rate is 50 per cent.

Taken together, the new unemployment insurance measures will translate into savings of \$725 million for the government in the first year, and \$2.4 billion in the two subsequent years. This decision however causes a serious prejudice to the unemployed, who will see their purchasing power diminish and will thereby make less of a contribution to the economy of their region and

community. The government is only creating a greater gap between the rich and the poor.

[English]

Eighty-five per cent of the claimants of unemployment insurance will lose money in order that the government may avoid the painful exercise of cutting costs of government operations. Only claimants who have both dependants and a dimly underpaid job will be able to receive 60 per cent of insured earnings.

[Translation]

Like Quebec with the "boubous macoutes" of the Quebec Liberal government, the rest of Canada will see the emergence of its own flock of overzealous federal civil servants trying to track down their quota of bad abusers of the system. The witch hunt is on.

For the most part, it is divorced workers responsible for single parent families who will have to prove that they have dependents. What an incredible mess! The government is adding yet another administrative level, "jobs, jobs, jobs", at the expense of taxpayers, to harass the unemployed.

Some used to say "poor Canada"; now, thanks to the Liberal government, this country will be even poorer.

[English]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry): Mr. Speaker, I am happy to have an opportunity to speak on Bill C-17, an act to implement budget measures.

The Bloc Quebecois members are missing a central theme in the budget. It has to do with small and medium size business. We campaigned last summer on the fact that small and medium size business represented the greatest hope for putting Canadians back to work.

As Liberals we said that if the 900,000 men and women who owned or operated small and medium size businesses were given a proper environment, the chances of hiring Canadians were very good. A central theme in this budget has been to try to create that environment that will cause that entrepreneurial spirit to move forward again.

There are a number of things that one has to do to create that environment and they have all been listed in the budget. Of course one of the very first items that we said we would address, and we did say this in the budget, was access to capital for small and medium size business.

All members of the House have been working on that issue over the last three months. We are beginning to get some movement. It is amazing that when the opposition stands up, it picks one or two little pieces. It is all negative. It cannot seem to find anything positive that we have done here in the House of Commons or in committee in the last few months.

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Another theme in the budget which is related to the bill that we are talking about today has to do with making sure that we encourage our small and medium size entrepreneurs to trade more on the international scene, on the global scene.

As members of Parliament, we have to be more creative when we are looking at this budget and use it as an instrument of hope as well as a way of giving guidance to some of our small and medium size businesses.

(1210)

Last week a group of parliamentarians from the government side went to China for 12 days with 120 small and medium size businessmen and women from every region of this country. I would say through you, Mr. Speaker, to the opposition that over 90 per cent of them had never gone on a foreign mission before. Going to China was a totally new experience.

We discovered number one that there is an economy over there which is very receptive to doing business with small and medium sized Canadian firms. It is not just the larger Canadian firms that they want to do business with. In fact unlike a few years ago when China was a place where it would take sometimes as long as 10 years to complete a deal, today they are moving in a very expeditious way.

I believe if we as parliamentarians would become more aware of the economic opportunities that exist in a country like China for our small and medium size business, we would then look more at this budget that the Minister of Finance has put forward where he is trying to create an environment which will inspire that sector to take risks, to have the courage to move forward, to hire again. If we showed them that their markets are not just in North America but that there are tremendous markets as well in the Asia Pacific region, I think we could trigger this economy that we are all working desperately on to move forward.

My message today on Bill C-17 is the fact that all of the components of the budget are an attempt to create a total environment which will allow small business to reinvent itself, to retool itself, to allow it to rethink its whole strategy for the new economy.

If we approach the budget knowing that all of those options exist then we will probably have a better chance of putting Canadians back to work. The member said earlier in his speech that jobs must be our focus. I think realizing that objective would be a lot more realistic.

[Translation]

Mr. Pierre de Savoye (Portneuf): Mr. Speaker, like all my colleagues, I am here today to speak to Bill C-17. For the benefit of those listening, I would like to recall the purpose of the bill before the House today. Bill C-17 is what is commonly referred to as an omnibus bill, a kind of catch-all that contains measures affecting a number of different acts and programs. It is a mixed bag of provisions, the only connection between them being that

they are intended to implement proposals contained in the budget brought down on February 22, 1994.

Of course when we talk about the budget, we talk about money and when we talk about money, we can talk about so many things, which is also the case today. Again, for the benefit of our listeners, this bill contains amendments to the Public Sector Compensation Act, the Governor General's Act, the Judges Act, the Parliament of Canada Act, the Salaries Act, the Canada Assistance Plan, the Public Utilities Income Tax Transfer Act, the Atlantic Region Freight Assistance Act, the Western Grain Transportation Act, the Broadcasting Act and the Unemployment Insurance Act.

(1215)

Mr. Speaker, as you can see, a large number of acts and programs are affected by this so-called omnibus bill. Our listeners will probably have noticed that, in their presentations, members have approached these subjects in various ways.

Today, I intend to discuss the Unemployment Insurance Act. There are eight measures in the bill that will affect this legislation. However, it has been two years since in Quebec, the Société québécoise de développement de la main-d'oeuvre has been prepared to take full responsibility for manpower, and unemployment insurance is one aspect of this sector.

Unfortunately, like the Conservative government, the Liberal government has yet to act on the requests made by the Government of Quebec and, instead, is proposing new measures that have made it incumbent on us in the Bloc québécois to try to make the best of a bad situation, in other words, to take the measures and make the necessary changes that would prevent them from having a negative impact.

For instance, I would like to draw your attention to clause 22 in Bill C-17 which deals with the difference in rates of benefit for a claimant without dependants and for a claimant with dependants.

We know that in the case of claimants without dependants, the bill proposes a rate of benefit that is 55 per cent of insurable earnings, while in the case of claimants with dependants, the rate is 60 per cent. The intent of the bill is commendable because it goes without saying that claimants with dependants do indeed have additional financial requirements.

Our concern stems from the fact that there is no clear indication in the bill before us on whom the burden rests to prove that the claimant does or does not have any dependants. We are concerned that, as the bill is now worded, the burden of proof rests with the claimant. My colleague who spoke earlier alluded very clearly to this point. If this is in fact the case, the bill creates problems for claimants who will be required to prove that they do indeed have dependants and who will experience an additional delay in receiving their benefits, not to mention all of the bureaucratic frustrations this process is likely to entail.

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For this reason, the Bloc Québécois proposed an amendment which reads as follows:

For purposes of paragraph (1)(b), a claimant needs only to establish a *prima facie* entitlement.

All the claimant would be required to do is acknowledge or confirm that he or she does in fact have dependants. The rate of weekly benefit provided under that paragraph would thus apply. The burden would rest squarely with the Commission to prove that the claimant was not entitled to this rate of benefit. In my view, this amendment would protect in the best possible way the interests of the public and, in particular, of those individuals who do have dependants and who would thus need to do nothing more than simply say so.

When people file their income tax returns, they state certain facts. The Department of Revenue takes it for granted that the facts are correctly stated, and the onus is on it to prove otherwise.

Moreover, most single parent families—and it is a fact of life, one that I am not passing judgement on—are headed by women. And if the present wording of the clause in the bill is maintained, it is a good bet that some of these single parents, most of whom are women, will have to prove their entitlement by travelling, losing time from work or time to be with their children, to go to the commission and show that they have dependent children.

(1220)

I think that it is adding insult to injury by again giving single parents more work to do.

Therefore, the purpose of the Bloc's amendment is to remove the burden of proof from the claimants and also to avoid—unfortunately, such things have already happened—setting up welfare police to investigate in the neighbourhood of these claimants who say they have dependants and to verify the accuracy of their statements, an approach that I find inappropriate, to say the least, in a civilized society like ours.

We admit that controls are required, but we say that care must be taken in the way that they are exercised. In this context, we believe that it is not only right but necessary for the burden of proof to be on the commission so that people will not have to worry and fret in order to prove their good faith; the good faith of everyone concerned should be assumed.

As I mentioned earlier, unfortunately those who can benefit from such a measure are usually those with the lowest salaries and, quite often, these job categories are in direct relation with the educational level. This is not merely a point of view: it is a statistical fact.

These less educated recipients do not always know what to do to protect their interests or have access to certain remedies. They are not always able to express themselves easily and defend their position.

Should these people, who are already less privileged by society, have to shoulder an additional burden?

Finally, as I also mentioned, women responsible for single parent families have neither the time nor the means to take care of an injustice done to them. Yet, they have to do it to get the 60 per cent to which they are entitled, or else they will only receive 55 per cent of their insurable earnings. This gap will create enormous problems, particularly for these people who, generally, can barely afford to pay for their rent and food. Yet, they are asked to take on a responsibility which the commission would be in a much better position to assume.

In conclusion, I ask the House to approve this amendment, since it would not affect in any way the increase provided for recipients with dependents, but would give to the implementation of this clause a human dimension which would take into account, among other things, the plight of single parent families, and which would ensure that a good decision is taken in the appropriate manner.

Mr. Ronald J. Duhamel (Parliamentary Secretary to Minister of Public Works and Government Services): Mr. Speaker, I am happy to make a few comments regarding this bill.

[English]

One of the first things I want to do is pick up on a number of points that have been made in the debates and to show that there is some inconsistency.

For example we talk about an omnibus bill. That is really quite correct. Various members have indicated that they wanted to see it separated. Perhaps people have observed that the only real commentary that has been received, and a lot of it has been received, has been on the unemployment insurance provisions. If it bothered so many people that this is an omnibus bill, surely they would taken each section and would have said this or that is what I oppose, with respect to each particular part.

(1225)

I find it interesting why it should be so. Clearly people who oppose, if they are sincere, must have some specific recommendations to make on every single part of the bill. I have not heard that.

[Translation]

It is confusing. I mentioned unemployment insurance, and I really have no criticism to make on that. I believe that what the Bloc would like to do is very clear. When dealing with an omnibus bill and claiming that it would have been simpler to consider each element, one at a time, because of the multitude of programs involved, it seems to me that it should have considered them one at a time, and said: "This is what we suggest regarding

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A, what we want concerning B, what should be done respecting C". During a debate, differences of opinion are expected.

I see some of my colleagues from the Bloc Québécois with a smile on their faces. They must appreciate my remarks. I shall go on then. The Bloc's discourse seems to be blatantly inconsistent. I will give you an example. On many occasions, not only their leader, but several Bloc members mentioned that they would like to see expenses cut, that we spend too much money, that the deficit and the debt are staggering—we do agree—and that we should manage our affairs better; and then, when the government decides to do just that, they claim that it should not cut anything, and that instead it should spend more. There may be some logic in all that, and I am sure that my colleagues from the Bloc will come and explain to me where it is, in a little while. I know how eager they are to help me understand things.

A few days ago, they were blaming the government for its lack of long term vision. Mr. Speaker, you and I know that, after a few months in the House, or even a few sessions or Parliaments, the opposition loves to repeat that the government has no vision, no long term or short term plan, that it does not know where it is going, and so on and so forth. After a while, it gets rather boring. Let us be a little bit more creative. We do have a long term vision called social program reform. I am quite sure that you have heard of it since a few questions were put to the Minister of Human Resources Development on the matter. Our long term vision is to bring about changes that will meet the real needs of all Canadians.

It seems to me that we should be working together on such a project with a view to finding creative solutions and go on from there. This past weekend, it was announced that we lived in the best country in the world. This was fantastic news. I have a feeling that after hearing this announcement from the United Nations, my colleagues from the Bloc will work hard to help us not only to appreciate what we have, but to build on our achievements in order that we may maintain our top ranking and remain number one, together!

In another speech, mention was also made of duplication. You know as well as I do, Mr. Speaker, and I believe my colleagues know it too, that duplication exists everywhere, be it at the provincial, municipal or federal level. Regardless of the level of government, members have a responsibility to endeavour to eliminate costly duplication. This is a positive, much appreciated way to cut government spending. Of course, the discussion focused primarily on duplication between the provinces and the federal government. No admission was made of duplication at the provincial government level. No admission was made of duplication at the municipal government level either.

(1230)

My friends from the Bloc admitted that duplication existed, but were not prepared to say how it should be eliminated.

However, they do propose one solution to the problem, and that is to break the country apart. They claim that this would spell the end of duplication. Let me assure you that this would not be the case. In my opinion, this solution is rather hard to defend. Moreover, it is becoming increasingly difficult for the Bloc to defend it as well. As I see it, we are gradually eliminating instances of duplication. We are making progress and my colleagues are aware of this fact.

My colleagues in the Bloc also talked about a centralizing government and they know—they are well informed, but I feel that some members sometimes choose what they prefer—Canada is the least centralized country in the world. Yes, in the world.

They know that. They do not like to hear that; they are starting to blush a little. But who knows, one fine day they may rise in the House and say: "Yes, you are quite right, but we wanted to say that because we believed that it would advance our cause".

I think that people are starting to understand that some things are exaggerated and people do not like exaggerations. Listen, we should bring together all kinds of reforms going on in Canada now; because we live in the best country in the world, we ask you to help us find creative solutions.

Yes, there is duplication. We are negotiating to remove duplication and we are refining the machinery of government. Listen, if we centralize too much, I think that we are ready to look honestly, openly and co-operatively at how we could make the machinery of government more flexible.

[*English*]

I would feel that I had not done my duty if I did not address a few comments about some of the statements made by the Reform Party. Reform Party members feel that this particular omnibus bill is une aberration de quelque sorte. They are open to the observation and accusation I made that if they were so concerned about this particular bill why did they not take it one piece at a time and tell us precisely what they would have done to change it? They did not do that. No, of course not. Why? Perhaps there were some politics being played. I guess politics are played in this House on occasion, even I play on occasion.

Anyway, I was rather surprised that the Reform Party would do something like that, condemn this omnibus bill and not bring forward certain specific recommendations to every single part of the bill. Perhaps that is still coming. Perhaps, perhaps, perhaps. Who knows? I hope so because if not it would be a flagrant contradiction.

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As I indicated, a lot of things have been said about unemployment insurance par mes amis du Bloc. Of course Canadians will realize if they believe that these cuts have been undertaken, these changes are really rather severe. If the Reform Party had undertaken these cuts they would have been draconian and dramatic and they would have hurt a whole lot more. We have heard all kinds of comments as to what they would like to do and it is not a gradual cut; it is an amputation.

I have addressed most of the concerns my colleagues have raised both from l'opposition officielle, le bloc Québécois, including the other opposition party, the Reform Party.

As I indicated today there are a number of flagrant contradictions. Politics are being played and I think they rather enjoy it. They are becoming rather good at it. I must commend them. Most of them are quite good at it, but at the same time they are not fooling too many Canadians.

Canadians are listening and they are asking if the solutions were as simple as the Reform Party proposes, why were they not resolved a long time ago? Of course they condemn the solution of the Bloc. All of the ills of the world will be corrected supposedly by the separation of Quebec from Canada. Nobody believes that, not even my friends from the Bloc believe that.

Today, if my colleagues from the opposition parties will do it, in view of the United Nations report which shows us as the best country in the world, I hope we will start working together not only to maintain that position but to improve it in the spirit of co-operative federalism.

Mr. Grant Hill (MacLeod): Mr. Speaker, I have the opportunity to break new ground today and I hope the parliamentary secretary will be listening carefully.

(1235)

I will start by saying that I am in agreement with the government on this portion of Bill C-17. I will be speaking to the portion on unemployment insurance. When I hear that Reformers are always negative and do not have any constructive alternatives, I particularly would like to explain why I am in agreement with the government on this issue.

We are talking about unemployment insurance program reform. I agree that unemployment insurance does need reform, in fact it needs more reform than is proposed. Of course the government is going through a social program review which will allow that to take place.

I referred to the red book on this particular issue and looked for what I could expect from the Liberal government during the election campaign. What I understood from the red book was that the Liberals would work with the provinces to redesign social assistance programs, so sorely tested in recent years, to help people on social assistance who are able to work to move

from dependence to full participation in the economic and social life of the country.

During the election campaign I had a fairly specific proposal to place on the table for the unemployment insurance program review which reads: "The Reform Party supports the return of unemployment insurance to its original function; that is, an employer-employee funded and administered program to provide temporary income in the event of unexpected job loss". It was a fairly specific proposal. It is fairly obvious that is more specific than the proposal I had from my opponent on the other side.

Frankly I was hammered on this and other social program issues during the election campaign. I was hammered as being uncaring, as being a person who was involved in slash and burn cutting with no compassion. I must admit those allegations hurt me a little because I entered the national arena of politics for compassionate reasons.

In my line of work I felt government mismanagement had a specific and significant impact on my life and my work and the life and work of those whom I had treated. I came here for compassionate reasons. I strongly believe that if our social programs are continually eroded by fiscal mismanagement that we will not have social programs and compassion will be very weak.

Last week I had an opportunity to talk with a number of grade 12 students in my constituency. Reformers have decided that to represent our constituents better we are divvying up our time and one week when the House is sitting we are actually in our constituencies. I took that week to talk to my grade 12 students.

I had a number of messages to give them. The one specific message I had to give was that our government and our country is in debt and in serious trouble. I went through the figures: that we are overspending \$110 million a day; that we are half a trillion dollars in debt; that over 30 cents of every \$1 is spent today on interest; and that every social program is in jeopardy, including their educational needs and wishes.

The figures were not particularly meaningful to those grade 12 students. I rethought my proposals as I spoke to them and tried to put them into a frame of reference they could better understand. The one thing which seemed to strike home was when I said that every single one of them who sat in front of me owed the federal government a brand new pickup truck.

I was specific when I said: "Each one of you owes the federal government a pickup truck. It is a two-wheel drive pickup truck, not an extended cab. It does not have electric windows, no options whatsoever. It has an am-fm radio. It does not have any trick wheel covers on it. It does not have radial tires. It is a basic, brand new pickup truck. That is what each one of you owes the government".

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(1240)

Then I asked: "If everything comes about that the government today is proposing during its mandate, where will you be at the end of that mandate at the next election?". Each one of them and every single Canadian will then owe to the federal government a pickup truck with an extended cab, alloy wheels and radial tires. This truck will now have an am-fm radio with a CD player and electric windows. It is still a two-wheel drive pick-up, not yet a four-wheel drive.

These youths asked me: "What are you saying to us? How long can this go on?". It cannot go on forever. It was like saying to them: "Suppose you pump gas at a gas station and make \$100 a week but every week you spend \$115. How long could you go on?". Obviously, it cannot go on forever.

The message I took to those grade 12 students is that my generation and we in this House are mortgaging their future. The grade 12 students in Macleod asked me to bring their message back to the House of Commons: Stop mortgaging the futures of the youths of Canada.

I went through the Bill C-17 proposals. I went to the summaries of the proposals suggested by the minister. It is always interesting to read the summaries.

On unemployment insurance the summary on page 5 of the minister's document indicates: "Changes will require claimants to work for longer periods in order to be eligible for the same number of weeks of benefits. For example, a claimant with 36 weeks of work and living in an area of 12 to 13 per cent unemployment is entitled to 50 weeks of benefits under the present schedule. In order to have the same entitlement under the proposed schedule the same individual will have to work for 52 weeks". That is 36 weeks has changed to 52.

The summary on page 13: "The proposed changes to UI will improve the linkage between work and benefits while enhancing adequacy and fairness in the provision of income support. The changes will contribute significantly to job creation by providing premium relief beginning on January 1, 1995". It is interesting and every Canadian should pay attention to this: There is a linkage between providing premium relief and job creation. In this document the Liberal government is saying something I say very strongly.

I had a personal intervention in my constituency office earlier this spring. A seasonal worker came to see me griping about the unemployment insurance changes being proposed by my colleagues. He was griping because he had been on unemployment insurance and would have to work longer to get the same amount of benefits. It was a criticism of the whole process.

He asked me what I thought as a Reformer about the Liberal unemployment insurance changes. I asked him what he would think if I told him I did not think a seasonal worker would soon

have unemployment insurance benefits if we continued going the way we were.

I told him: "You have told me your story about how you worked very hard as a seasonal worker. You spent your summer on a road paving crew last year. You worked overtime and made \$45,000 during the good time of the year. Then you went on unemployment insurance. You told me you went on unemployment insurance by choice".

He had told me he did not really have to be on unemployment insurance; he could easily have obtained a job with a transport company. He had a class 1 licence and the company was dying for him to come and work. However for the convenience of his family which I can understand, he chose to stay home during the winter to be closer to his wife. Therefore he would not be driving some place far away in the U.S.

He chose to do that because unemployment insurance was there for him as an individual who had made a significant amount of money during another portion the year. The principle of his being able to choose that over working when a job was available to him is something we must address or we will not have unemployment insurance.

I support the direction of this portion of Bill C-17 and I say that with no rancour whatsoever. As it is one of my committee responsibilities, I will push toward a significant change in the principle of unemployment insurance so that it becomes what it originally was.

(1245)

I will end today with the message that came from my grade 12 students in Macleod, that the Government of Canada stop mortgaging the future of our youth.

[Translation]

Mrs. Christiane Gagnon (Quebec): Mr. Speaker, this is the second opportunity I have to participate in this debate on the Budget Implementation Act, 1994. On April 14, I said no to undue delays in reducing unemployment insurance premiums.

I also questioned statements by the Minister of Finance about potential savings to businesses, savings that could be reinvested to hire workers.

It is in that context that I will address today clause 26 of the bill.

The philosophy behind clause 26 of Bill C-17 is simple. It rests on the principle that, assuming the Minister of Finance's forecasts are realistic, the businesses would actually reinvest in job creation the amounts they have saved as a result of premium reductions. There you go, jobs are automatically created!

If this scenario is likely, and that is what we are given to understand, then the next logical step is to ask ourselves why the same government that has come up with this scenario almost simultaneously increased contributions to the plan. On the one

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hand, it tells us that premium reductions will undoubtedly result in job creation and, on the other, it increases contributions. The logic behind this line of action eludes us.

This government expects 40,000 new jobs will be created as a result of its new policy concerning UI premiums. Let us take a closer look, if you will.

Based on the government's own calculations, 9,000 jobs were lost as a direct result of the UI premium rate increase that came into effect on January 1.

In the context of the present scenario, rolling back the UI premium rates starting January 1, 1995, would prevent the loss of another 31,000 jobs slated to disappear like those that were lost last January. If you add these 9,000 jobs to those that will be lost come January 1, 1995, the grand total is indeed 40,000. And that is what they call a "40,000 job job-creation program". In terms of creativity, we have seen better, but not in terms of demagoguery.

The main question that comes to mind of course is: Why not have acted earlier? Or to put it another way: Why did the government, knowing that a premium increase would inevitably eliminate jobs, go ahead with this increase?

We do not understand and we are convinced that many Quebecers and Canadians are asking the same questions we are.

Will the 9,000 people who lost their jobs last January because of the premium hike be impressed by the glorified job creation program announcements? Of course not! How will the government explain its inaction to these workers? How will it explain that the jobs they lost will be re-created a year later? How will it explain to these people that it preferred to wait for one year before taking action, when the enormous personal sacrifices made by those who lost their jobs were totally unnecessary and unjustified? Will it blame these injustices on the Official Opposition, the source of all evils? Maybe. We have seen such demagoguery before in this chamber.

The Official Opposition has vigorously denounced the February 22 budget since it was tabled in this House. We denounced the inequity of the lower benefits and the longer qualifying periods for the unemployed. We denounced the budget's inequity to some regions, especially Quebec and the Maritime provinces. We denounced the odious impact on women of budget measures that control their private lives. We denounced the disincentive and despair that these measures will create for young unemployed people at the beginning of their working lives.

(1250)

The Official Opposition denounced the lack of vision of this so-called "new" government. We have noticed and deplored the lack of real job creation policies and we will continue to do so, Mr. Speaker, until the government stops oppressing the poor and protecting the rich. We will continue to press for the creation of real jobs, new jobs, even if we are blamed for all the problems in the world.

I am speaking today in favour of the proposal to amend clause 26 of Bill C-17 put forward by my colleague from Kamouraska—Rivière-du-Loup. The proposed amendment is a very concrete solution aimed at eliminating one of the irritants created by the February 22 budget. This proposal is also designed to facilitate, albeit in a very minor way, job creation. The Official Opposition is thus trying to repair the damage done by the government.

We must support a motion such as the one we are proposing today to ensure that jobs are created as soon as possible. To do so, we must reduce premiums as early as June 1, 1994 while waiting for concrete, real job-creation policies.

Mr. Pierre Brien (Témiscamingue): Mr. Speaker, before discussing the issue as such and the amendments tabled by some members, I want to reply to the comments made earlier by the hon. member for St. Boniface. The hon. member criticized the Bloc Québécois on a number of issues and, on several occasions, he made comments which were quite inaccurate. I want to state the facts and also look at the real intentions of the government, in the light of the member's remarks.

He said that the Bloc is inconsistent since it is asking the government to cut spending, while opposing the fact that the UI budget will be reduced by several billion over the next few years. Yet, there is no contradiction there. It is possible to cut expenditures, but the government must certainly not start with cuts which will adversely affect the unemployed. The hon. member is telling us that, as regards spending reduction, the only significant measure in the budget, of which this bill is the result, is major cuts to the unemployment insurance program.

The hon. member said that the opposition lacked vision, adding that the problem was not new. He must know what he is talking about since he sat on this side of the House for a quite a while. I remember that at the time he and several of his colleagues, including the current Deputy Prime Minister, used to vigorously denounce the UI reforms of the Conservatives. It is rather amusing to read the speeches made then by those people. They were talking about inhuman measures and other similar things.

Yet, only four months after they took office, and after claiming in many cases that it was impossible to implement quick reforms because these things require in-depth reviews and a long term approach through committees which have to work for a year or two before changes can be made, the government was more than ready in the case of the UI program. And this only 18 months after the Liberals vehemently opposed the idea of targeting UI to fight the deficit at the expense of the

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unemployed. Yet, four months after they came to office, the Liberals launched an all-out attack on the jobless.

This is where they will go and get a good chunk of the money they need to reduce the deficit in a very small way, as they said in the last budget.

The hon. member then went on to say that we live in the best country in the world and that our quality of life is second to none. He referred to a UN study, to the umpteenth version of a study that is published every year and whose findings were released during the weekend. According to the study, Canada ranked first for the second time in three years, and he was very proud of all that. Of course, he forgot to mention that the study does not consider debt levels in its ranking.

However, the report did say there was some concern about the future, because considering the debt, many programs may not be possible to maintain, at least not as they are now. There are a number of criteria in this study which are debatable, including the number of tv sets per household, and so forth. This is quality of life evaluated in North American terms. It is no coincidence that a country like Canada comes out well in this study. Criteria and values are ours, and they form the basis for the judgment made by the study.

If the debt were included as a criterion, I think there would be a little less enthusiasm, and I think the hon. member would be the first person to acknowledge this. Fine, we can say our quality of life is very good, but if next month I were to use up all my credit, my credit cards and my bank loans, of course I would have an excellent quality of life during that month. But I could hardly say the same for the months after that. I might have a few problems then, although for a while I would have a very good quality of life. Well, it would be a quality of life on credit.

(1255)

He also referred to Canada as the most decentralized country in the world. I must admit I found it hard to keep a straight face. The hon. member must know a couple of countries. In any case, I will mention two he should look at a little more closely.

Certainly Belgium, where the federal level is responsible only for foreign affairs, international trade and currency. And even in the case of foreign affairs, two of the three levels have certain powers. I wonder how he drew the conclusion that he did. I suggest he take a course in international politics and take a close look at the Belgian model.

He could also look at Switzerland to see how the system in that country works. He would realize that they are somewhat more decentralized than we are here.

He also talked a long time about the duplication that exists between Quebec and Ottawa. As a member I get terribly frustrated when someone comes to my office and wants to apply for a training program, and they tell him he is not eligible because he is not on unemployment insurance. The program is open only to unemployment insurance recipients. If he is on welfare, he has to apply for a different program, because he is not eligible for this one. And then these people say: "But how come we have these criteria, because after all it is public money, and we want the training". And again they are told this program is not for them and that they have to go to the other level of government, which is responsible in their case.

What we have here is a lack of vision and a lack of consistency. The hon. member for St. Boniface knows this. And what have they done about it since they came to power? Nothing. It is easy to see. He says that we made "no concrete suggestion". We have been telling him for a long time that there were concrete measures to be taken in the area of manpower training. It is a very concrete suggestion and I am convinced that he sees people like that every day or so in his office. I know I do.

Let us talk about what is being proposed now. They are attacking the present unemployment system in many ways. They are changing the number of weeks, the benefit rate and the rules of eligibility. Since they cannot control unemployment itself, they will at least control the number of unemployed people and the way they will receive benefits. They are attacking the unemployed themselves. That is where they put the focus in order to solve the problem, despite the way they talked about employment all through the campaign. They say: "We will decrease unemployment expenditures" but they will not do so by creating jobs; instead, they will modify the plan and make it more stringent by increasing the number of weeks required and decreasing the importance of criteria such as regional unemployment, by increasing the number of weeks of insurable employment from 10 to 12 and decreasing the rate of benefits from 57 per cent to 55 per cent. For some the rate will increase to 60 per cent, but for most it will go from 57 to 55 per cent. They talk very little about that.

Who will be affected most by such a reform in the area of eligibility, expenditures, etc.? We can say that the Atlantic provinces and Quebec will be hard hit. We heard figures like 630 million dollars in the Atlantic region, 735 million in Quebec, 560 million in Ontario and 430 million in the west. You know the Maritimes will be the hardest hit.

Following the comments of my colleague for Saint-Hyacinthe, the subcommittee on finance worked very hard and saw to it that witnesses were heard. It was disrespectful toward several of the groups that came to express their views and their fears, particularly about the UI reform aspect of Bill C-17. This was the case for the Acadian community, whose presentation was cut short and whose members were thrown out. It did not even take the time to listen to them. For a government which stressed the importance of dignity and openness, it showed blatant disrespect. Showing dignity is also listening to people and letting them speak even if their visions or views are different from our own. The committee did not even bother to do

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that. This is quite astonishing, considering that that group had for the most part supported the elected party.

In the few minutes I have left, I would like to ponder what will happen now in view of these facts. What will happen if the system is made stricter, or the entitlement period shorter? What if beneficiaries still do not have a job at the end of their entitlement period, since nothing would lead us to believe that they will easily find one. They will simply have to become welfare recipients.

(1300)

Then, which level of government will take them over? The provincial level. Another level of government will pay the bill. They are not in our records any more and they do not produce any red ink here. They are now in the records of the provinces which may end up with a tab of \$100 million.

Researchers from the Université du Québec à Montréal, economist Pierre Fortin and his group, have estimated at almost \$600 million the liability thus transferred to the provinces. Therefore, we are passing the buck and telling the provinces: "Make the choices that we refuse to make", notwithstanding the fact that their budgets are much smaller.

Here we have a budget of \$160 billion, when in Quebec it is less than \$50 billion, that is less than a third. We are telling them: "You have more imagination, do the cuts we refuse to make". This is a terrible thing to do. Who are the losers in all that? They are the individuals under attack and given little hope. They are the consumers who just lost their jobs, that are often in very difficult economic situations, and to whom we say that they cost us too much and that they are responsible for the deficit. We find that unacceptable.

This is why several of my colleagues have proposed interesting amendments aimed at preserving an efficient enough system, given that we are presently studying an in-depth reform of social programs. I believe that what we have in front of us is a major piece of legislation, and I call on my colleagues to support the proposed amendments.

Mr. Jean H. Leroux (Shefford): Mr. Speaker, on October 25 last, the Canadian people elected a new government. In Quebec, we were in the advantageous position of having the choice between three political parties. Quebecers chose to send Bloc Quebecois members to Ottawa. On October 25 last, the objective, the campaign slogan of the Liberal government was hope. All over Quebec, we heard "Votez libéral pour l'espoir". Whenever I heard that slogan I thought that it did not make much sense, especially knowing the government's background.

The Liberal government is to be blamed for most of the Canadian deficit. All the Conservatives did afterwards was to increase it. The Conservative government, which was in power in the 1980s and early 1990s, increasingly curtailed citizens' rights and now with Bill C-17, this government of ours is going even further.

Since his election as leader of his party and the last campaign, the Prime Minister is forever talking about bread and butter. We now know that those are mere words. What the Prime Minister and his cabinet are doing by amending the Unemployment Insurance Act, is to take away a little bit more bread and butter from the poorest members of our society. I rise today to denounce the irresponsible attitude of a government which is supposed to help economic recovery. A government which is supposed to make Canadians and Quebecers feel better. But what it is doing instead is taking a little bit more from everybody.

The Liberals are hitting the poorest members of our society, those who are the most in need. Losing your job is very sad. Mr. Speaker, you and I are in an advantageous situation. We are elected to serve for a certain period of time during which we do not need to look for a job. You know as well as I do that losing one's job is perhaps one of the saddest thing with which a person must contend.

(1305)

All our government is doing is merely lowering the benefit rate. People who once were entitled to 57 per cent of their salary will now only be able to collect up to 55 per cent. Minor adjustments have been made, but if we look at the figures, we quickly see that two thirds of recipients will receive fewer benefits than before. This is unacceptable. When a government is given a mandate to govern, it must begin by focusing on the least fortunate members of our society. That is not what this government is currently doing. It is trying to reduce its deficit at the expense of the most disadvantaged and that is unacceptable.

The Liberals have always adopted the liberal attitude whereby the sky is the limit. Today, there no longer appears to be any limit at all, and as a result, the least fortunate are becoming increasingly dependant. What is this government doing? It is lowering UI benefits and, as of result of its actions, provinces will have to pick up a bigger share of the tab for social assistance. Once again, this government is offloading its deficit onto the provinces. This is unacceptable.

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As representatives of the people, we have a role to play. We must ensure that all Canadian citizens are treated equally. Parliament must also strive to narrow the inequity gap between the classes. With Bill C-17, the Liberal government is making the gap between rich and poor grow wider and wider. We, in the Bloc Québécois, cannot accept that. We were elected, Mr. Speaker, you, I and all the hon. members, to protect the interests of the people and, in this case, it would be in the interest of the people to at least maintain UI benefits at the 57 per cent level. This rate cannot be reduced.

The Canadian government seems to be strongly influenced by the United States, where the rate is approximately 50 per cent. But we have always had a slightly higher rate in Canada and Quebec. This government did praise the merits of unemployment insurance. The benefit rate has always been slightly higher in Canada and Quebec and I think it cannot go any lower. Let us not lose sight of those of our constituents who are poor. We have in our ridings less fortunate people who do not have enough to get by. The government has the duty—and the duty of Parliament is to support a government that does so—to do its job and be actively involved in creating employment. But it is not the case here. This government talks about doing many things. It plans to do this, that and the other, but actually does very little. This government has accomplished very little.

As you know, the rate of unemployment in Quebec is about 13 per cent. In Canada, it is around 11 per cent. Some 450,000 Quebecers are presently unemployed, not to mention those who lost their jobs but gave up looking for a new one because there are none available. It is well known that the fishing, forest, tourist and construction industries are seriously affected by the measures contained in Bill C-17. Workers will be required to work 12 weeks to qualify for unemployment insurance. There is a danger that these people will not be able to meet the 12-week requirement and will be forced to request social assistance.

(1310)

It is humiliating for someone who wants to work to be on welfare. To wrap up, I think that the unemployment insurance reform reflects the contempt of the Liberals for the unemployed.

The Minister of Human Resources Development admits to pursuing the following objective: to force recipients to work longer in order to qualify for the same number of weeks of benefits.

The unemployed in Quebec and Canada did not choose to be out of work and I think the government must do the best it can to help them out.

Mr. Gilbert Fillion (Chicoutimi): Mr. Speaker, thank you for giving me the opportunity to speak to Bill C-17 and especially to the UI provisions on which my party has put forward a few amendments that are, I think, in the interest of Canadians.

I do not want to repeat the arguments made since this debate started but I would still like to express my opinion on the use of public funds to create jobs. Of course, whenever we talk about unemployment, we also talk about job creation.

Every member of this House can now find out in his or her riding the true extent of the infrastructure program announced by this government, which will turn into a disaster in coming days when municipalities will have to present their ratepayers with borrowing by-laws in order to have access to the infrastructure program. Let us look at what is now happening in our ridings. Many of these projects will not be accepted because municipalities are already deeply in debt.

We said at the time that it was another way for the Liberal government to offload money it does not have onto provincial, then municipal governments. In recent weeks, I also analyzed what was being said and mostly listened to groups of young people between 18 and 30 years of age that I would divide into three categories: those who have jobs, young poorly-paid workers without contracts but who still manage to get by on their salaries for one, two or three years.

These workers still manage to get by. However, when their contracts expire, they will fall into another category, that of workers whose status is precarious and that is where it starts.

That is where it starts and when unemployment insurance comes into play. For workers whose status is insecure, there are only projects, jobs created under DEP or the Challenge program or something like that, which under this bill would give these workers lower benefits, because the rate is lower, after they had accumulated a certain number of weeks of unemployment insurance credits.

If you are lucky in that game and are back on UI, perhaps you will be lucky again and find another project, but there will be no third project. At that point, the insecure worker falls into the unemployed category and that is my main point.

(1315)

We have nothing to offer our jobless young people who are 18 to 30 years old; we are losing that whole generation because we have nothing for them. We are taking away their dignity and forcing them for a few hundred dollars a month to take compulsory courses in school again, which will be no use in the end, since the training they will be given does not prepare them for the jobs now vacant.

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You can be sure that young people in that situation—because I know, I worked with them for over thirty years—develop a certain fatalistic attitude which often makes them drink more alcohol and also take more drugs; not having anything to do, they find something to occupy their time.

The suicide rate is very high. Not a day goes by that we do not see lack of work as the main cause of suicide among young people aged 18 to 30. Of course they cannot afford to borrow, but sometimes they have to and the interest rates they pay are abnormally high. So they are caught in a trap from which they will have difficulty escaping.

We devalue them. These people are socially devalued. We are creating instability for a whole generation. If they are lucky, they move in coop or low-cost housing units which, when not supervised or when provincial governments make budget cuts, often look like poverty ghettos. This is where our 18 to 30-year-olds live.

They also share dwellings, which is not a healthy solution. If they are lucky and do not belong to a single parent family, they will go back to their parents' home, which is often the only solution for many of them. This what you are creating by not being able to come up with projects which will put people to work and give them back their dignity. The stress and anxiety related to the fear of not being able to find a job is very real for these young people.

I also want to discuss the third amendment proposed by my colleague regarding the approval of the House of Commons given by resolution of that House, instead of the approval of the Governor in Council. The Bloc Québécois is not opposed to pilot projects. This is important and I think it gives satisfaction to the hon. member for St. Boniface. Again, we are not opposed to pilot projects. In fact, we supported the one related to Operation Dignity II.

We cannot oppose, and that is showing a constructive approach, the implementation of new ideas. However, we want the ministers, even though they are subjected to ministerial accountability, to allow this House to review, examine, evaluate and monitor each pilot project, since Parliament is the centre of democracy and since elected representatives are accountable.

They must ensure government transparency, so that they are not stuck with a fait accompli, as in the case of Pearson Airport and all the dealings that went on with lobbyists. Once a debate has taken place on a pilot project, the ministers are in a position to evaluate the pros and cons. This enables them, and us as well, to make better decisions. Then, the same information can be transmitted to every Canadian.

(1320)

It is in this spirit that I will support the three proposed amendments.

[English]

Mr. Ray Speaker (Lethbridge): Mr. Speaker, it gives me pleasure to enter into this debate on Bill C-17, the budget implementation act.

I was very pleased to attend all of the hearings with regard to this bill at the committee stage. At that stage there were some interesting presentations from those who wanted greater benefits in terms of the unemployment insurance portion of the act which in this omnibus presentation before us and those who wanted to have the legislation concerning unemployment insurance more on an insurance basis so that the books would be more balanced and there would be less government intervention.

I would like talk about what I heard at those hearings. I want to make sure that those ideas are presented in this assembly.

The Reform Party, as my colleague mentioned earlier, is in support of the section concerning the unemployment insurance changes. We support it for two basic reasons. First, we believe there is a reduction in cost to business. Business across this nation at the present time is under stress. We believe that the reduction of cost can enhance employment opportunity for many people in the working world.

Second, we believe that this amendment brings us closer to the insurance principle whereby payments by the employer and the employee will be equal to benefits that are derived therefrom.

One suggestion made by a number of the groups is that we should have more input by the employer and the employees with regard to unemployment insurance. At the present time there is a feeling that government has too much say as to how the program is run. It was suggested that we should change the legislation even more extensively than the legislation before us now to a point where the government is one step removed.

I asked in that debate what would be the role of government. The suggestion was that the role of government would be a sort of funding agency that could play a part when there were surges. In other words, if there was a surplus of funds in the unemployment insurance fund, they could be the retainer of those funds but when there is a demand on funds the government would have this revolving fund available so that funds could be put into unemployment insurance and there would be moneys available at times of need.

That is a principle that we should consider here. I think it would put the unemployment insurance fund on a basis whereby it stands on its own merits and on its own financial support system.

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We had some concerns regarding this Bill C-17 relative to the section on unemployment insurance. First, there was the question as to whether it should be a change in legislation just to reduce the deficit. As reformers we certainly support any kind of measures that go to reducing the deficit. If that were its only purpose we would feel that supporting this amendment would not be the right thing to do.

The second item that raised some concern with us was with regard to the item which we call the two tier system whereby there is the possibility of a means test for certain persons who qualify for unemployment insurance. I would think in principle it is not right that we have a two tier system. When a person pays into an insurance program, whether that person is single, married or whatever the status may be, that person should qualify for a certain level of benefits. To enter this other dimension into the system and at that time raise the question as to a person's other means I think is wrong. I certainly would not be in support of that area in this piece of legislation.

(1325)

The third area that concerns us is the fact that this legislation was brought in with the budget. It was implemented with the budget. Following that the government announced a very comprehensive review of social programs. In a sense unemployment insurance is an integral part. To approve legislation in this assembly separate from this comprehensive review I do not think is right. It certainly raises a concern with us on this side of the House.

Fourth is with regard to the pilot projects. As a reform party we are not against any kind of pilot projects where we can experiment, look at efficiency or bring about avenues by which we can better allocate and expend public funds. However, the questions that are unanswered are the ones we are concerned about. What really qualifies as a pilot project? Who will be involved in these pilot projects? Will they be persons who are really skilled and have expertise in the area? Are we looking at some type of pilot projects that will satisfy some political friends? I hope not.

The other question is what is it that we are really trying to discover? What do we want to achieve through the pilot projects? Is it another means by which we are evading the real question before us? That question is certainly dealing with the unemployed of this country. Are we trying to do things just to pacify the general public by putting in place a pilot project which in a sense is a delay tactic that is often used by government in trying to avoid the main question that is before us?

To resolve and deal with these problems, certainly the one about unemployment insurance, we have to deal with the primary question. The primary question as we all know is what do we do about government spending? What actions must we take to encourage growth in the economy? The primary question

is what actions must be taken. We feel and have said very clearly in this House that one thing that must be clear to the public and the investment community in Canada is that the government does have a deficit reduction program.

The presentation of the budget, this budget implementation act and other actions of the government to this time do not indicate to the investment community, the business community or the private individual community that the government has come to grips with its spending. When we do and confidence is in this nation and the economy grows then jobs will be available and the concerns we have heard with regard to unemployment insurance will certainly not be there. They will be set as a side agenda very low on the priority not only of this House but of Canadians.

I feel the solution lies in that area. However, in terms of the unemployment insurance program we must remember that program is not a welfare program. It is not a program by which people can live for months and months on unemployment insurance. It is a program that provides interim assistance between one job and the next job opportunity.

As I listen to the Bloc Quebecois make its presentation in this assembly I become concerned when it says benefits must be extended extensively. What I hear in its message is that it wants the benefits to be just about welfare benefits, not benefits on an interim or temporary basis for those who are between jobs. If we move to a point at which it becomes a program of longer term financial security then we have moved away from the insurance principle about which I spoke in the early part of my remarks and that would be wrong.

(1330)

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

Some hon. members: Question.

The Deputy Speaker: The question is on Motion No. 23. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Pursuant to Standing Order 76(8), a recorded division on the proposed motion stands deferred. This will also apply to Motions Nos. 27, 28, 29, 30, 32, 34, 35, 36, 37 and 38.

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[Translation]

The House will now proceed to the taking of the deferred divisions on the report stage of the bill now before the House.

Call in the members.

And the division bells having rung:

The Deputy Speaker: Pursuant to Standing Order 45(5)(a), the whip of the Official Opposition has asked me to defer the vote until later this day.

[English]

Accordingly, pursuant to Standing Order 45(5)(a), the division on the question now before the House stands deferred until later this day at 6.30 p.m., at which time the bells to call in the members will be sounded for not more than 15 minutes.

* * *

[Translation]

TAX CONVENTIONS

The House proceeded to the consideration of Bill S-2, an act to implement a convention between Canada and the Republic of Hungary, an agreement between Canada and the Federal Republic of Nigeria, an agreement between Canada and the Republic of Zimbabwe, a convention between Canada and the Argentine Republic and a protocol between Canada and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to income taxes and to make related amendments to other acts, as reported (without amendment) from a committee.

Hon. David Dingwall (for the Minister of Finance) moved that the bill be concurred.

The Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

Some hon. members: On division.

The Deputy Speaker: I declare the motion carried on division.

(Motion agreed to.)

(1335)

[English]

Mr. Dingwall (for the Minister of Finance) moved that the bill be read the third time and passed.

Mr. David Walker (Parliamentary Secretary to Minister of Finance): Mr. Speaker, as the House knows, this is very important legislation although it may appear to be housekeeping to some. I would like to rise today to speak on this legislation and to urge for its speedy approval.

This is not a bill to command great attention in the public arena. Rather it represents some of the work-a-day measures addressing tax fairness and good international and trade relations that are a vital part of our endeavours on behalf of Canadians.

The purpose of Bill S-2 is to implement reciprocal trade treaties between our nation and Hungary, Nigeria, Argentina and Zimbabwe, treaties that will eliminate double taxation on income tax. As well, the bill implements the protocol to revise the current tax convention between Canada and the Kingdom of the Netherlands.

A tax treaty between countries is an important tool to provide the benefit of certainty and stability regarding tax regimes, benefits that concretely promote and facilitate international trade and investment. Another benefit of such tax treaties is that they also reduce annoyance in the operation of the national tax systems involved in several ways.

First, they eliminate the necessity of paying tax on business profits in the source country if there is no permanent establishment in that country. As well, they provide a mechanism to settle problems encountered by taxpayers.

More important, tax treaties eliminate or alleviate double taxation in the instances where international transactions are involved and may give rise to the same income being taxable in the hands of the same person by more than one nation.

I should remind the House that the treaties enacted by this bill are the latest within a longstanding process. The major reform of Canada's income tax legislation in 1971 required Canada to expand its network of double taxation conventions or tax treaties with other countries. Since that time, negotiations for the conclusion of new treaties or the revision of existing ones have been entered into with almost 75 countries.

In this bill, the four tax conventions under review follow the general pattern of the conventions previously approved by Parliament. The number of Canadian tax treaties in force is presently 52.

For the record, let me remind hon. members of the main elements of the new treaties covered by the bill. These treaties provide generally that dividends may be taxed in the source country at a maximum rate of 15 per cent. However in the case of intercompany dividends, the rate is often reduced if the company receiving the dividends holds a certain equity interest in the company paying the dividends. Such a reduced rate has

been set at 10 per cent for the countries covered here, except for Nigeria where it will be 12.5 per cent.

Regarding interest paid by a resident of one country to that of another country, the rates set out in this bill are 10 per cent in the case of Hungary, 12.5 per cent for Argentina and Nigeria and 15 per cent in the case of Zimbabwe. There are however some exceptions.

Interest paid on a bond or a similar obligation of the national government, a political subdivision or a local authority will be exempt from tax in the country in which it arises. Also, these treaties, except that with Zimbabwe, contain a certain provision that will allow interest paid on loans or credits extended, guaranteed or insured by certain state entities, in Canada for example, the Export Development Corporation, to be taxable only in the country where the recipient of the interest payment resides.

(1340)

These treaties also address the taxation of royalty payments. They provide for a general rate of source taxation of 10 per cent in the case of Hungary and Zimbabwe, 12.5 per cent in the case of Nigeria and from 3 per cent to 15 per cent in the case of Argentina, depending on the nature of the royalty. Copyright royalties are exempt under the treaty with Hungary.

A number of other matters are dealt with in these tax treaties. First, the treaty provisions dealing with capital gains reflect a standard Canadian position enabling the source country to tax gains arising on the sale of real property, business assets and shares in the real estate companies.

Second, under the conventions, discrimination on the basis of nationality is prohibited. This ensures nationals of one country equal treatment with nationals of another country in the same circumstances. However, this does not prevent a country from providing fiscal incentives, for example, Canada's small business deduction, on the basis of the residence of the taxpayer.

Third, Canada has also preserved its right to tax pensions paid to residents of the countries covered by the bill. However, it is important to point out, especially in light of the upcoming D-Day anniversary, that war veterans pensions are generally exempt from tax under the four treaties.

Fourth, the treaties provide that in Canada double taxation of foreign source income of Canadian residents is alleviated by way of a foreign tax credit, in accordance with the limitations provided for in the Canadian legislation. Reciprocally, relief from double taxation is granted in the other treaty country and in accordance with the method recognized by that government.

Government Orders

Let me turn to a final undertaking enacted by this legislation. Bill S-2 will implement a protocol to the tax convention signed by Canada and the Kingdom of the Netherlands in 1986. This updates the existing treaty to take into consideration changes made to the respective laws and policies of the two countries.

For example, in 1992 Canada announced that it was prepared in tax treaty negotiations to reciprocally reduce the withholding tax rate on direct dividends. This was seen as a valuable incentive to encourage international direct investment. In the 1993 budget, the government stated its willingness to enact bilateral exemptions from withholding taxes on payments made for the use of computer software. I am pleased to say that the Netherlands is the first country with which we have completed such an agreement.

Under this bill, in cases where a dividend recipient holds 25 per cent or more of the capital or 10 per cent or more of the voting power of the dividend paying corporation, the withholding tax will be reduced to 5 per cent from the current 10 per cent. This reduction will take place over a five-year period starting from 1993. As regards interest payments, the protocol reduces the rate to 10 per cent from the current 15 per cent.

As well, the agreement eliminates the withholding tax on royalties for computer software and on interest paid to pension plans.

In simple summary, the four tax conventions and the Netherlands protocol contained in the bill provide some equitable solutions to the various problems of double taxation existing between Canada and certain international partners. Each of these countries hopes to implement the bilateral convention as soon as possible. Consequently I commend this bill to the House and urge its speedy passage.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Mr. Speaker, I welcome this opportunity to speak again, this time on third reading of Bill S-2, a bill that deals with tax conventions between Canada and Hungary, Nigeria, Zimbabwe, Argentina and the Netherlands.

(1345)

I would like to take the next few minutes to repeat the reasons for our objections to Bill S-2, that is to say, the objections of the Bloc Québécois. We do not object to these tax conventions because we object to the countries as such. In other words, the members of the Bloc Québécois, Quebecers in general and Canadians in general as well, on whose behalf we occasionally speak as the Official Opposition, do not object to Hungary or Nigeria or Zimbabwe or Argentina or the Netherlands.

Government Orders

However, there are certain inconsistencies in the Canadian tax system as well as in the rules and traditions of this tax system, and we often find these inconsistencies in tax conventions of this kind.

As you know, Mr. Speaker, we support free trade, and in fact we were instrumental, and when I say we I am referring to Quebecers, in adopting two international agreements. The first one was with the United States and the second included Mexico. We also supported arrangements to improve the rules of international trade, like those that were adopted last December at the GATT talks.

We also have a tradition of international co-operation and a tradition of reaching out internationally. We remember Lester B. Pearson, whom we admire for his international involvement, and Jean Lesage in Quebec.

Therefore, it is not in that regard that the Bloc Québécois has to show its opposition in the case of international treaties. Tax treaties are usually a good thing because they allow businesses to avoid double taxation on the benefits of their various affiliates.

Tax treaties also have the merit of creating reciprocal agreements, which allows to draw a clear line between two countries regarding taxation of the profits of companies, because to be effective, those tax treaties must call for levels of taxation that are roughly equivalent between two signatory countries.

Besides, and this will be my first negative point in assessing Bill S-2, as the auditor general mentioned several times, there are flaws in the principle underlying tax treaties and in certain agreements signed with countries that are considered as tax havens.

In some of those countries, for instance Barbados, Cyprus, Malta and Singapore, who have signed tax treaties with Canada, corporate taxation and all that pertains to income or capital gains taxation is much lower than Canadian taxation.

As the Auditor General underlined it in his 1992 report, no corrective measure was adopted, even in the last budget of this government, despite all that was said. According to the Auditor General, incomes earned in countries that are tax havens and that are designated by order may enter Canada tax free even if they have not been taxed or have been at a very low rate.

The Auditor General also said in his 1992 report: "The Department of National Revenue Taxation is aware of a number of taxpayers who have used this scheme—tax havens—to be in a position to move \$500 million into Canada tax free".

This first point is already appalling enough. I must tell you that, at the present time and since 1984, middle-income taxpayers have been crippled by the Canadian tax system. Incredible sacrifices are asked of the poorest in our society since the last budget, while other taxpayers, probably those with very high incomes, because they are the only ones who can take advantage of those flaws, are allowed to move \$500 million tax free from foreign countries to Canada. I find this appalling.

(1350)

The second negative aspect regarding tax treaties is that the foreign revenues of Canadian corporations, which are subject to little or no tax, give the Canadian shareholders access to the same federal tax credit on their dividends as on dividends paid by a Canadian company which operates and pays taxes in Canada. How can we speak of developing the Canadian economy while this measure maintained by the tax treaties hampers our economic growth and the development of Canadian businesses?

Good Canadian corporate citizens which pay their taxes also pay for other corporations which benefit from this type of exchange, this type of deduction. And we are asked to quietly support such a bill when tax treaties as a whole should probably be reviewed to determine where are the tax havens and the tax loopholes which allow bad corporate citizens not to pay their fair share of taxes for years and years. I find it rather absurd that we are asked to support this bill when all those treaties should be reviewed.

The third negative aspect regarding tax treaties is that, according to the existing legislation, a corporation operating in Canada can deduct interest on the money it borrows to invest in a foreign subsidiary. Companies that invest in tax havens have found two ways to avoid paying taxes. First, they deduct their loan interests and then they bring back to Canada, free of tax, their profits which are subject to little or no tax in foreign countries.

I am not the only one to say so. For about three years now, the Auditor General has been saying that the tax conventions legislation is full of holes. Let me quote the Auditor General on this issue. It is always interesting to quote someone who is non-political and neutral, someone who can put his fingers on the problems linked to the Canadian tax system and the inaction of the federal government which does not seem to want to do much about the various loopholes. In his 1992 report, the Auditor General said, and I quote: "That deduction of interest reduces Canada's tax revenue and, at the same time, the related income is not necessarily subject to tax in Canada. It may be received as a tax exempt dividend and may never appear in the Canadian tax base".

So, by using such tactics, Canadian companies can avoid paying taxes first by transferring to the Canadian parent corporation the losses incurred by their foreign affiliates. In other words, the Canadian companies which report losses due to their foreign production operations can deduct these losses in Canada, which means that Canada is losing a similar amount of money in tax revenues. Second, according to the tax treaties, profits made by Canadian corporations can be redirected to foreign countries. If profits are made here, in Canada, and taxation levels are lower in the countries where the Canadian parent company has a foreign affiliate, profits can be taxed in the other country. Third, by using such tactics, Canadian companies avoid paying taxes by converting their profits in exempt income.

S. O. 31

One element of the Canadian tax system that needs to undergo an in-depth review is all of the tax treaties and the legislation concerning the Canadian tax conventions, because that is what allows people who take advantage of all these loopholes to laugh all the way to the bank.

Among the many examples I could use, I would like to quote only one striking example the Auditor General gave us. I quote: "A Netherlands Antilles subsidiary of a Canadian company had assets of \$865 million and income of \$92 million. The offshore income is not taxed on entering Canada, but it carries the federal tax credit on dividends paid to Canadian shareholders". Imagine! That allowed the Canadian parent company to report a \$29 million tax loss in Canada. There was no production on Canadian soil. No jobs were created. There was no investment in machinery or equipment in Quebec or in Canada. The company was engaged in a production activity in a foreign country without creating economic activity either in Quebec or in Canada, yet it was able to deduct from that foreign activity an operating loss of no less than \$29 million.

(1355)

If that is not exporting jobs and economic activity that are so precious to us, I do not know how else to describe this flight of capital.

The Auditor General gave us an idea of the costs related to loopholes in the legislation governing tax treaties. According to him, for 1990 only, Canadian businesses invested nearly \$92 billion in non resident companies with which they have a non-arm's length relationship; \$92 billion, that represents significant production activity exported elsewhere and substantial tax exemptions for production activity exported elsewhere. That also represents a lot of tax exemptions on profits from economic activities not exercised on Canadian soil; it amounted to \$92 billion for 1990 alone.

Of course, some of this \$92 billion has been invested by good corporate citizens. There are companies doing real trading with countries not considered as tax havens, but there are nevertheless examples that can be drawn from the current situation to show that some of these investments in countries considered as tax havens are suspicious. Take for example the investment of \$5.2 billion made two years ago in companies in Barbados, a recognized tax haven. These investments generated \$400 million in dividends which were tax exempt when received on Canadian soil. As another example, \$10.9 billion were invested in companies in Cyprus, in Ireland, in Liberia, in the Netherlands and in Switzerland, all countries also considered as tax havens. These investments generated more than \$200 million in dividends which were tax exempt once brought into Canada.

According to the Auditor General himself—who does not hold a membership card from the Bloc Quebecois, nor from the

Liberal Party, nor from the Reform Party—and I quote: "It is reasonable to conclude that hundreds of millions of dollars in tax revenue have already been lost and will continue to be if nothing is done to remedy the situation". That was in 1992. The Conservatives did nothing in 1992 and 1993. Then, in 1993, there was a change of government, but to the same effect: the Liberals have done nothing in the face of a tax scandal, a flight of capital scandal, whereas Quebec and Canadian taxpayers are being bled dry. This is unacceptable. It is a disgrace.

The Auditor General recommended a comprehensive review of tax arrangements so that we can really determine which countries we should have tax arrangements with, countries that are not mere tax havens, and do not encourage massive capital exodus as well as the loss of hundreds of millions in tax revenues for Canada. This is not the time for such a waste of money. On February 23, the Minister of Finance said that cuts were in order. But instead of eliminating loopholes such as tax arrangements, he targeted unemployment insurance.

I noticed your signal, Mr. Speaker.

The Speaker: I thank the hon. member. He will be able to resume his remarks at three o'clock.

It being two o'clock, pursuant to Standing Order 30(5), the House will now proceed to Statements by Members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[English]

QUILL LAKES

Mrs. Georgette Sheridan (Saskatoon—Humboldt): Mr. Speaker, last Friday over 500 people gathered in rural Saskatchewan to mark the designation of Quill Lakes as an international site in the western hemisphere shorebird reserve network.

Prairie wetlands are vital habitat for shorebirds and waterfowl. Prudent management of delicate ecosystems like the Quill Lakes is crucial to the survival of many North American migratory species.

The designation of Quill Lakes will help Canada meet its international commitment as a signatory to the global convention on biological diversity.

The Quill Lakes designation is an accomplishment in partnerships. This project succeeded because of co-operation at all levels of government, international, federal, provincial and municipal. Experts, officials and local citizens co-operated to safeguard this wetland area.

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There is good news. I am told that on Friday one keen-eyed participant spotted a piping plover, one of the endangered species that will benefit from the project.

* * *

[Translation]

JACQUESVILLENEUVE

Mr. Michel Bellehumeur (Berthier—Montcalm): Mr. Speaker, as the member for Berthier—Montcalm, I am proud to rise today to salute Jacques Villeneuve's outstanding performance in the Indianapolis 500.

At the age of only 23 and making his debut on the Indy circuit this year, the son of the legendary Gilles Villeneuve accomplished a real feat by finishing second in one of the most prestigious car races.

Because Jacques Villeneuve shows so much determination at the start of his career, I am convinced this second place finish is only the beginning of a long series of successes and victories for him.

* * *

[English]

EXTERNAL AFFAIRS

Mr. Bob Ringma (Nanaimo—Cowichan): Mr. Speaker, I rise today to recognize the fourth anniversary which occurred just last week of the democratic election in Myanmar or Burma. Unfortunately we cannot celebrate this important date because a repressive military regime has not allowed the democratically elected government to take its rightful position.

Calls from the international community, including a petition to the United Nations signed by the majority of members of this House, have fallen on the deaf ears of the ruling junta.

The National League for Democracy won 80 per cent of the seats four years ago, yet its leader remains under House arrest.

On this anniversary we once again call on the Burmese military rulers to release the democratically elected Daw Aung San Suu Kyi, or prime minister, in order that she may participate fully in the shaping of Burma's future in accordance with the will of the Burmese people.

* * *

FAMILY VIOLENCE

Mr. Andy Scott (Fredericton—York—Sunbury): Mr. Speaker, I congratulate the Muriel McQueen Fergusson Foundation in Fredericton—York—Sunbury on the success of its major fundraising luncheon last Wednesday. The foundation, now nine

years old, has the ultimate goal of eradicating family violence in our communities.

Just a year and a half ago the foundation established the first research centre on family violence in Canada. Working in co-operation with the University of New Brunswick and community organizations, the research centre's primary objective is understanding the cyclical nature of family violence.

Family violence is one of the most serious social problems today. It underlies obstacles faced by youth, impacts the workplace, undermines the economy, promotes substance abuse and fosters violence outside the family. The list goes on.

I encourage members of the House and all Canadians to show support for the agencies in their communities committed to the elimination of family violence.

* * *

[Translation]

WEATHER FORECASTS

Mr. Robert Bertrand (Pontiac—Gatineau—Labelle): Mr. Speaker, on May 10 in Rimouski, Environment Canada inaugurated the Weathercopy Service for the Eastern part of the Lower St. Lawrence and the western part of the North Shore.

As a result, the authorities in charge of public safety and emergency measures for these regions will receive weather warnings and weather forecasts directly from Environment Canada via radio transmitters and receivers, as soon as they are issued by the meteorologists at Environment Canada.

According to public safety authorities, this information is essential in order to take the necessary precautions in the event of an emergency, provided there is a quick and reliable access.

Weathercopy is a new technology, a world first developed by Dataradio Inc., a Canadian company. The development of this technology was fully financed by the company itself. This is another good example of co-operation between the public and the private sectors.

* * *

(1405)

[English]

ROYAL MILITARY COLLEGE

Mr. Larry McCormick (Hastings—Frontenac—Lennox and Addington): Mr. Speaker, with the consolidation of military colleges in Quebec and British Columbia into one operation based at Royal Military College, many staff and students will be transferring to the greater Kingston area.

Contrary to the concerns that have been voiced by various Quebec interests, let me say to the faculty, staff and students at Royal Roads and collège militaire royal on their transfer to our area that our residents are looking forward to the enriching experience that these newcomers will bring to our communities.

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Therefore, on behalf of the residents of the townships of Pittsburgh and Ernestown, I extend a warm hand of friendship, welcome and understanding to future RMC students and staff.

Let me also give my assurance that Pittsburgh and Ernestown townships will work together with RMC Base Kingston and others to establish a community liaison to assist in making the transition an enjoyable one for all concerned.

* * *

[Translation]

THE DISABLED

Mrs. Madeleine Dalphond—Guiral (Laval—Centre): Mr. Speaker, today is the first day of National Access Awareness Week. While this government, as part of the proposals in the Martin budget, prepares to enlarge, at its peril, the holes in our social security net, the Official Opposition wishes to draw the attention of this House to the fact that equality among all individuals also applies to the right to work.

Like everyone else, the disabled have the right to work in an environment that is considerate of their needs. The government has a responsibility to assist their integration in the work place. Today, we wish to pay tribute to the courage and perseverance of these men and women and we say to them: Because your whole life is an example that enriches our society, we promise that your rights will always be respected.

* * *

[English]

JUSTICE

Mr. Randy White (Fraser Valley West): Mr. Speaker, I have reviewed the details about a lady who was brutally beaten and raped in 1987 in my riding. Wayne Alexander Perkin was convicted of this terrible crime, given six years, and paroled early.

Last week I sat with Corinne Schafer in her home as she talked about her sister Angela's death. I attended court last Thursday to hear the verdict on the same Wayne Perkin found guilty of brutally murdering Corinne's sister Angela in 1992 while he was out on parole.

I am sad for Corinne, her family and friends. I am frustrated at a justice system that time after time has proven itself ineffective. However, most of all I am angry at a government that mimics its predecessors. The government has the power to change many aspects of the justice system now, yet it continues to drag its feet.

Canadians elected a government of Liberal ideals. I wonder if they realize they were electing a government that is unable to deal with reality.

* * *

YOUTH EMPLOYMENT

Mr. Jerry Pickard (Essex—Kent): Mr. Speaker, Canada's greatest resource is our youth. They are languishing with a high unemployment rate of almost 20 per cent.

Parents such as I who have children in this age category are very concerned about their future. The priority of the government is to put the enthusiasm of these young minds and bodies back to work.

New initiatives such as Youth Services Canada, the youth internship program and the expansion of summer employment programs are doing just that. Reforms to the Canada student loans program and other learning initiatives will better train young people for the jobs of the future.

In Essex county the conservation authority is sponsoring a youth service pilot project. Approximately 16 participants will work for nine months, gaining valuable experience and earning credit to further their education and employment opportunities.

Through these initiatives the government is giving our youth the necessary tools to build a prosperous future for themselves and our country.

* * *

ATLANTIC CANADA OPPORTUNITIES AGENCY

Mrs. Dianne Brushett (Cumberland—Colchester): Mr. Speaker, I rise today to share information with my hon. colleagues regarding the real value of ACOA, the Atlantic Canada Opportunities Agency, to the four Atlantic provinces.

In Atlantic Canada ACOA partially funds or administers many co-operative agreements, programs and projects. Often in the past the public heard only of the failed projects. Today I wish to share one of the many success stories with the House.

Earlier this month I had the pleasure of participating in a sod turning to announce a \$16 million expansion at Intertape Polymer Group in Truro. The parent group of Polymer Group contributed \$14.6 million, while the federal and provincial government through ACOA contributed \$1.4 million to the total project.

(1410)

This expansion creates 45 new jobs, for a total of 300 full time, long term sustainable jobs. This is an international company that can compete locally and globally—

The Speaker: The hon. member for Leeds—Grenville.

S. O. 31

D-DAY

Mr. Jim Jordan (Leeds—Grenville): Mr. Speaker, 50 years ago on June 6, 1944 thousands of Canadians with their allies stormed the beaches of Normandy in an exercise that became known as D-Day. On the 50th anniversary of the beginning of the downfall of the Nazi regime in Europe, Canadians will be paying tribute to thousands of their fellow Canadians who took part in the invasion.

I encourage all Canadians to take part in the upcoming D-Day ceremonies in their respective communities so that the pride of country and the great courage displayed by Canadians 50 years ago are not allowed to fade from our memory.

* * *

[*Translation*]

QUEBEC SOVEREIGNTY

Mr. Jean H. Leroux (Shefford): Mr. Speaker, the Bloc Québécois wishes to congratulate the Government of Ontario for having raised the level of the debate on Quebec sovereignty. Ontario has devised a plan aimed at preserving the major economic links between the two economies in the event of Quebec accession to sovereignty.

The Ontario business community has put pressure on its government to make sure that trade between the two entities is maintained regardless of the political status of Quebec. Bilateral trade between Quebec and Ontario accounts for more \$48 billion a year. Obviously, business circles have every reason to try to protect these fruitful economic relations.

This calm and thoughtful reaction on the part of the Government of Ontario is a pleasant change from the recent thunderous and irresponsible statements by Premiers Harcourt and Romanow.

* * *

[*English*]

ATLANTIC FISHERY

Mr. David Chatters (Athabasca): Mr. Speaker, I take this opportunity to give special recognition to Alberta and Saskatchewan farmers who this month are sending wheat flour to the maritime families that are coping with the devastation of the Atlantic fishery.

During the depression, Atlantic fishermen sent salted cod, fruit, honey, clothing and other items to western farmers, trying desperately to survive the devastation of their industry. The grain these farmers are donating will produce 50,000 pounds of flour, enough to make 95,000 loaves of bread. By donation the flour will be shipped east and distributed to needy families through the Newfoundland food bank.

It is wonderful to see grassroots Canadians pulling together in a time of need, especially when their political leaders continue to debate the future of Confederation.

* * *

ABORIGINAL SELF-GOVERNMENT

Ms. Paddy Torsney (Burlington): Mr. Speaker, there has been much excitement lately over the positions held by the Bloc Québécois on aboriginal self-government. It would seem that there are several and that they are in conflict with one another.

Mr. Turp, president of the Bloc Québécois policy commission, has denied the statements he previously made and published regarding aboriginal self-determination. Mr. Turp, an international law scholar, now has no comment on the issue.

He is, however, quoted in the *Vancouver Sun* as saying that he has taken a "liberal and generous" interpretation of the rights of our aboriginal peoples. I believe liberal and generous are in line with the Liberal government's approach toward aboriginal issues. If indeed Mr. Turp's knowledge and research on the issue are blocked by the Bloc, I would like him to know that his liberalism and generosity in aboriginal affairs would certainly be welcomed elsewhere.

* * *

[*Translation*]

CANADIAN UNITY

Mr. Ronald J. Duhamel (St. Boniface): Mr. Speaker, we made it once more. Canada is first in the world according to a United Nations report.

[*English*]

This report of the United Nations places Canada in terms of human development in first place out of 173 countries. It considers average income, life expectancy and educational attainment.

[*Translation*]

Considering this enviable situation—the fact that we live in the best country in the world—why should anyone want to destroy it? Why not work together to improve even more the situation of the men and women of Canada?

* * *

(1415)

[*English*]

THE CONSTITUTION

Mr. Stan Keyes (Hamilton West): Mr. Speaker, I rise in the House to relay my constituents' message that we stay focused on the mandate we were given by them last October. We must not be

sidetracked by all the counterproductive constitutional fear-mongering from members opposite.

Let us not forget that there are millions of people who are unemployed in this country. Let us not forget that we have a \$460 billion national debt to reduce. Let us not forget that we have a criminal justice system that is in need of serious reform. Most important, let us not forget the strong message voters sent to the previous administration.

We were elected to foster a sense of hope for the people of Canada by providing them with good government. We were not elected to sleepwalk into the abyss of the constitutional unity debate.

* * *

REGULATORY REQUIREMENTS

Mr. Bill Blaikie (Winnipeg Transcona): Mr. Speaker, I would like to express a concern of the NDP caucus, the Canadian Labour Congress and others about discussions that are apparently taking place within government about a project or initiative called "Waiving Compliance with Regulatory Requirements".

Many people are very concerned about extending more and more discretion to ministers to waive compliance with certain labour and environmental regulations with respect to certain projects or applications by companies.

I call on the Minister of Human Resources Development and others to scrap this project now. There is enough leeway in the regulatory regimes now. We do not need any more deregulation than we have had already.

ORAL QUESTION PERIOD

[Translation]

FRENCH LANGUAGE EDUCATION RIGHTS

Hon. Lucien Bouchard (Leader of the Opposition): Mr. Speaker, my question is for the Deputy Prime Minister. Kingston city council recently passed a special resolution blocking the construction of a French language high school on an abandoned industrial site. The school would also have housed a francophone community centre. You may recall that the students of École Marie-Rivier have been attending classes for the past seven years in cramped, makeshift structures without washrooms.

Does the government intend to intervene directly to compel Kingston city council to approve the construction of a French school equipped with proper sanitation facilities?

Oral Questions

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, it is unfortunate that the Leader of the Opposition is travelling around the country these days professing to be the great defender of francophone rights outside Quebec. When the time came to authorize real self-determination for Acadians outside Quebec, he and his party voted against this proposal. Why? In his own words, to punish those who voted against Charlottetown. The following question then arises: Does the Leader of the Opposition truly want to support student rights or is he merely interested in doing some politicking to advance his own separatist goals?

Hon. Lucien Bouchard (Leader of the Opposition): Mr. Speaker, I know the Deputy Prime Minister to be a polite, courteous and honourable person. I know she will want to check *Hansard* and the *Votes and Proceedings* of the House where she will see that the Bloc Quebecois voted in favour of linguistic equality for New Brunswick's Acadians. That is the truth. The Deputy Prime Minister is repeating the gossip and false rumours making the rounds. The Bloc Quebecois voted for equality—

The Speaker: Order! Order! I know that all members want to hear the questions and answers during Question Period. The Leader of the Opposition.

Mr. Bouchard: Thank you, Mr. Speaker. In any event, a check of *Hansard* will settle this argument. I would like *Hansard* to be verified immediately since I want Canadian citizens to be informed at three o'clock that we stated the truth.

Does the government recognize that the decision of Kingston city council is indicative of the kind of obstacles encountered by francophones outside Quebec when they try to avail themselves of their French language education rights? Getting back to the issue that concerns us and to this blatant example of injustice, can the Deputy Prime Minister tell us what steps she intends to take in order to have this hateful decision reconsidered?

(1420)

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, if the Leader of the Opposition were really interested in Kingston's francophone students, he would have taken the time to learn the reasons why city council decided to oppose the relocation of the school. The proposed site was only steps away from a dangerous toxic waste treatment site and Kingston city council did not want students going to school there if their health would be endangered. The decision had nothing to do with the fact that they were francophones, but rather with the fact that the proposed location was close to a toxic waste site.

Hon. Lucien Bouchard (Leader of the Opposition): Mr. Speaker, I see that the Deputy Prime Minister supports this decision and that far from distancing herself from it, she is even justifying it, even though it will continue to deprive students at

Oral Questions

École secondaire Marie-Rivier of washrooms. Imagine, no washrooms for students, in a country like Canada.

My question is for the minister of defence. In view of the fierce opposition in the city of Kingston to the construction of a school for francophones, will the minister of defence continue to argue that Kingston is the best site for a bilingual military college, one where francophones will feel comfortable?

[English]

Hon. David Michael Collette (Minister of National Defence and Minister of Veterans Affairs): Mr. Speaker, the Deputy Prime Minister answered the substance of the hon. member's question and I thought she did so very effectively.

With respect to the consolidation of the military colleges in Kingston there will be no change to our decision. There will be one military college that will be located at Kingston.

In fact I was in the area this morning talking with the local press. I am really quite heartened by the attitude that the people of that area have toward making Kingston a showplace of bilingualism as a federal institution.

* * *

[Translation]

INDIAN AFFAIRS

Mr. Michel Gauthier (Roberval): Mr. Speaker, my question is for the Deputy Prime Minister.

Despite appeals from the Government of Quebec, the Kanesatake Band Council has continued the work to expand the Indian cemetery. In a letter to his federal counterpart, the Quebec Minister of Native Affairs, Mr. Sirros, asks the federal government to begin negotiations quickly with the Kanesatake Band Council.

As trustee, did the federal government intervene directly with the Kanesatake Band Council to convince it to stop the work and to return to the negotiating table or are we to understand instead that Chief Jerry Peltier still refuses to return to the negotiating table?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, the federal government has just appointed a negotiator in the person of lawyer Michel Robert for the very purpose of negotiating an end to this situation.

But on these issues, all sorts of opinions must be taken into consideration, including Daniel Turp's; speaking on self-determination for native people, he said to the Quebec National Assembly: "In my opinion, the fact that the natives are a people, that they consider themselves to be a people gives them a right to self-determination in the same way as Quebec".

Of course, when we consider the issue of self-determination for native people, we must consider not only the opinions of negotiators in this context but also those of the Bloc Québécois's advisers.

Mr. Michel Gauthier (Roberval): Mr. Speaker, my second question is still for the Deputy Prime Minister.

Can she tell us if the federal negotiator will make stopping the work now going on in the pine grove a precondition for resuming negotiations?

(1425)

Does the federal government agree that it must act quickly to forestall any escalation in Oka? Does the federal government agree on that?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, obviously, when a negotiator is appointed by the federal government, he has all he needs to end this conflict. We want it to be settled generously, equitably and fairly in the interests of all concerned. We have confidence in the ability of lawyer Michel Robert and we await results. We do not want to consider proceeding until we have seen at least our negotiator's report.

* * *

[English]

SEXUAL OFFENDERS

Mr. Jack Ramsay (Crowfoot): Mr. Speaker, my question is for the Minister of Justice.

Larry Fisher, who served a 23-year sentence in prison for raping seven women, was released from prison last Friday. Fisher is now free to travel wherever he pleases without any obligation to declare himself to local enforcement officials.

In an internal memorandum issued last week by the RCMP, it warned that because of his past criminal history it is likely that he will reoffend. So that people like Larry Fisher can be identified by local law enforcement officials, will the Minister of Justice include a national registry of sexual offenders in his forthcoming package of judicial reforms?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada): Mr. Speaker, in response to the specific question, it is not something that is planned at present but a national register of sexual offenders is something I would be happy to consider and discuss with the hon. member once I have had an opportunity to examine its implications.

I will deal more broadly with the thrust of the member's question without commenting on the case of Mr. Fisher who has completed his sentence and has been released at the end of the sentence which, by the way, was served without parole.

Oral Questions

Let me speak more generally about the whole question of the release of offenders. As the hon. member will know, we have long since identified as a matter requiring action the whole question of the release of high risk offenders at the end of their sentences of incarceration.

I have already started with my colleagues in the provinces and territories an examination of alternatives. We have planned meetings with the ministers of health of those jurisdictions later this year to discuss specific changes to provincial mental health legislation to permit assessment and, if public safety requires it, continued confinement of such persons beyond the end of their criminal sentence in order to protect society.

Mr. Jack Ramsay (Crowfoot): Mr. Speaker, I thank the minister for his answer and his concern in this area.

Following in the same vein, it was recently reported that Easy Street, a children's centre in Calgary, unwittingly hired a janitor who had just been released from a 12-year sentence for sexually abusing a seven-year old girl.

Calgary vocational services which helped the man get the job said it knew of his criminal record but was bound by confidentiality. This example shows that action is needed now. Will the Minister of Justice include a national registry of child abusers in his forthcoming package of judicial reforms?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada): Mr. Speaker, in concert with the Solicitor General and the Minister of Health, we are releasing a discussion paper on the whole question of a national child sex abuse register for the protection of children to adapt existing technology to permit us to store for retrieval in appropriate circumstances particulars of convictions for sexual abuse. Protection of children in cases such as the one referred to by the hon. member is our paramount concern.

After we have the benefit of the views of Canadians including the provincial authorities on the alternatives set out in our discussion paper, we will put in place a national register with respect to those convicted of child sexual abuse.

As I informed the House last week, our objective is to have that in place in the fall of this year.

Mr. Jack Ramsay (Crowfoot): Mr. Speaker, again I thank the minister for his response to these very urgent public matters.

On Saturday the Manitoba Teachers' Society endorsed a resolution that would inform schools whenever they had a young offender in their classes. Similar requests are likely from both Alberta and Ontario in the next few weeks.

(1430)

Will the minister's forthcoming proposal include these requests, namely that school officials be informed of young offenders in their midst?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada): Mr. Speaker, I believe the changes we are going to introduce in legislation to be tabled in the House will meet those concerns.

I have engaged in discussions with chairs of school boards, with representatives of schools, with police forces, with parents groups. I am keenly aware of the strong feeling that where public safety requires it, information about young offenders should be shared, particularly in those cases involving crimes of violence.

I am confident that the changes we will propose very shortly to the House of Commons will meet those concerns and answer the needs that have been identified by the hon. member.

* * *

*[Translation]***NATIONAL FORUM ON HEALTH**

Mrs. Pauline Picard (Drummond): Mr. Speaker, my question is for the Minister of Health. After excluding the provinces from the National Forum on Health, the Minister of Health may have to backtrack because last Friday in Calgary the Prime Minister contradicted her by opening the door to the provinces' participation in this forum.

Does the Minister of Health still refuse to ensure the provinces' direct involvement in the national forum or will she review her position after the Prime Minister said he was ready to consider provincial participation in the forum?

Hon. Diane Marleau (Minister of Health): Mr. Speaker, let me inform all members of this House that I have had and will continue to have extensive discussions with my provincial counterparts. I even had some again this morning.

Let me also inform you that several of the provinces have already expressed their interest in participating in this important forum. It must be said once again that the purpose of the forum is to bring together health care experts to start a dialogue with Canadians and advise the Prime Minister. It is not intended as a decision-making forum replacing the meeting of provincial and federal health ministers.

Mrs. Pauline Picard (Drummond): Mr. Speaker, my supplementary question is this: Can the minister assure us that the provinces will become full participants in the consultation process which the National Forum on Health is, in addition to the federal-provincial conferences planned for that purpose?

*Oral Questions**[English]*

Hon. Diane Marleau (Minister of Health): Mr. Speaker, most of the provinces are very much in accord with what we are doing concerning the national forum on health. We continue to work with all the provinces to ensure their co-operation.

Let me be very clear here. We must not let intergovernmental squabbling interfere with the real objectives of this forum which is to look at the future of the health needs and health requirements of all Canadians.

* * *

ESTABLISHED PROGRAMS FINANCING

Mr. Grant Hill (Macleod): Mr. Speaker, my question is also for the health minister.

The federal component of health care funding has dropped and continues to drop. It is now in the neighbourhood of 22 per cent of our health care spending.

Will the minister agree to open up the Canada Health Act to bind the federal government to a specific percentage of health care funding?

Hon. Diane Marleau (Minister of Health): Mr. Speaker, the Canada Health Act does not specify any amounts in transfer payments. That is done under EPF.

In the last nine years, there have been some decreases in funding. However, the good news of the past budget was that we maintained the funding of EPF health and we hope to continue to do that with the co-operation of all.

(1435)

Mr. Grant Hill (Macleod): Mr. Speaker, frankly, the answer does not satisfy the Canadian public. The funds are dropping and continue to drop as a percentage of health care funding.

Our party has been criticized for slashing and burning in terms of social programs. Our party would cut theme parks in Shawinigan, cut limousines to ministers, cut fancy health programs for members of Parliament and cut pensions for members of Parliament, to look after health care.

Will the minister put her money where her mouth is?

Hon. Diane Marleau (Minister of Health): Mr. Speaker, for a party that is so generous when it comes to cutting, what surprises me is that it is actually looking at establishing a two tier system, on having extra billing.

This party is not for cash register medicine whether there is an express lane or not.

* * *

*[Translation]***HEPATITIS C**

Mr. Pierre de Savoye (Portneuf): Mr. Speaker, my question is for the Minister of Health. Responding to a question from the opposition on the hepatitis C issue, the minister refused to take action to identify and warn those who were infected, merely suggesting that people see their doctor. The fact is however that hepatitis C is often asymptomatic.

How can the minister responsible for public health refuse to take action on the hepatitis C issue when several thousand Canadians, unaware of their condition, can transmit the virus to others and even die from it?

Hon. Diane Marleau (Minister of Health): Mr. Speaker, we continue to strive to make the Canadian blood supply system safe. But let me tell you that there are many partners in this system. The role of Health Canada is to ensure that blood products are as safe as possible.

As for the Canadian Red Cross Society, its role is to keep a precise record of the blood products distributed. Hospitals also have a major role to play, as well as physicians, who are responsible for keeping their patients well informed.

For our part, we are examining our role as a regulating authority to make sure that all these people work together to ensure our blood supply system is the safest possible.

Mr. Pierre de Savoye (Portneuf): Mr. Speaker, since tens of thousands of Canadians have already been infected, does the minister agree that, by accepting to make arrangements immediately to reach people who may have been infected, she would not only improve their quality of life but also reduce considerably the risk of hepatitis C spreading?

Hon. Diane Marleau (Minister of Health): Mr. Speaker, as I just said, there are many partners involved in the blood supply system. There are many partners in the health system, including the provinces, who have a major role to play. I am really surprised to see the Bloc Québécois, which is so intent on leaving this Confederation and making sure that we do not infringe upon provincial jurisdictions, rise today and urge me to tell the provinces what to do.

* * *

(1440)

*[English]***SOFTWOOD LUMBER**

Mr. Jim Abbott (Kootenay East): Mr. Speaker, my question is for the Minister for International Trade.

Oral Questions

The minister was quoted recently as saying that perhaps the dispute between Canada and the U.S. over softwood lumber could be taken away from the present dispute settlement panel procedures, which have ruled in Canada's favour in the past, and moved into some broader based discussions that could lead to resolution.

Can the minister ensure the Canadian softwood lumber industry and all of the workers that this will be an improvement particularly considering that Canada has won just about every round in this ongoing dispute over the existing procedures?

Hon. Roy MacLaren (Minister for International Trade): Mr. Speaker, we fully expect to win the next panel reviews. There are two more during the months of June and July and we expect to win them as well.

The point I had in mind was that it is always available to United States' interests to retrigger, to reinstitute the whole process for a fourth time. Surely it is in both our interest and the United States' interest to proceed on a basis that does not once again trigger this whole tiresome process.

Mr. Jim Abbott (Kootenay East): Mr. Speaker, I appreciate the minister's answer.

I was wondering if the minister was thinking of trying to take the dispute settlement that is currently being used against us, where Canada is being harassed, and actually making it a separate part, almost like an auto pact; in other words, taking the softwood lumber out from under.

I can tell the minister that I had a discussion with Congressman Sam Gibbons, a senior congressman, who thought that was a good idea. Would the minister support that?

Hon. Roy MacLaren (Minister for International Trade): I would be glad to hear in rather more detail what the hon. member has in mind.

The point that we both share is that there is this possibility of ongoing harassment, as the member puts it, and since both industries, both sides of the border, are to a degree integrated and share common environmental problems, common supply problems, it must not be beyond our wit to come up with some better solution to our difficulties than this constant recycling of dispute settlement panels.

* * *

[Translation]

CONVERSION OF DEFENCE INDUSTRIES

Mr. Yves Rocheleau (Trois-Rivières): Mr. Speaker, as we recently saw, the Minister of Industry totally distanced himself from the election promise made by his party to transform the defence industry productivity program into a conversion instrument rather than a program supporting civilian technology for military purposes.

My question is: Will the minister explain why DIPP, which was not deemed adequate to facilitate industrial conversion when the Liberal Party formed the opposition, is suddenly perceived as an effective tool to facilitate the conversion of military industries to civilian production?

Hon. John Manley (Minister of Industry): Mr. Speaker, I thought the answers I provided to other Bloc Québécois members on that issue were quite clear. As mentioned in the red book, DIPP will indeed be the basis of our conversion program for military industries. Also, as I indicated, since we were elected, 39 out of 41 proposals accepted by this government concerned civilian projects or both military and civilian production, and had nothing to do with DIPP.

I do not understand why the Bloc objects to the fact that, even with a program such as DIPP, we can choose proposals related to civilian purposes, and also objects to the commitment we made to the effect that we could change some aspects of that program to stop the wasting of money, by setting up a system which would benefit from contributions made by companies. This is a program for the conversion of military industries.

(1445)

Mr. Yves Rocheleau (Trois-Rivières): Mr. Speaker, I have a supplementary. Does this mean that the Minister of Industry was refused the financial resources required to implement a true conversion strategy, which might explain why he is now extolling the virtues of DIPP, which was so strongly criticized by his party when it formed the opposition?

[English]

Hon. John Manley (Minister of Industry): Mr. Speaker, I can only believe that the Bloc keeps repeating the same ridiculous allegations in the hope that sooner or later people will start to believe them.

What we have made clear is that there is a program of defence conversion. Yes, DIPP needs to be expanded and yes, we need to create a revolving fund, but fundamentally we made a key promise when we went to the polls last October which was in part to cut subsidies to business.

The Bloc keeps wanting us to write cheques to companies which somehow or other were not aware that the Berlin wall came down in 1989 and their shareholders are not willing to invest enough now to give them a plan for the future. If that is the kind of company the member wants us to give money to, I am sorry I do not agree with him and the government does not agree with him.

We are prepared to work on strategies for companies. We are prepared to help them identify markets. We are prepared to work with their managers and their shareholders. However it has to be

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a co-operative effort including all of the stakeholders in each case, in each company.

* * *

AMATEUR SPORT

Mr. Stan Keyes (Hamilton West): Mr. Speaker, my question is for the parliamentary secretary responsible for fitness and amateur sport.

The recent report of the core sport commissioner recommended among other things the elimination of federal funding for 19 amateur sport programs. Six of the targeted programs are Olympic sports, two of which saw gold medal performances for Canada from Myriam Bédard and Jean-Luc Brassard at Lillehammer. The report also recommended cutting funding to lacrosse which we in this House just declared Canada's national summer sport.

Will my hon. colleague give this House her assurance that these recommendations will never see the light of day?

Ms. Albina Guarnieri (Parliamentary Secretary to Minister of Canadian Heritage): Mr. Speaker, the minister remains a good sport when it comes to funding those sporting activities which remain important to Canadians.

The minister has been unequivocal in his intent not to discontinue funding to biathlon and to the Canadian Freestyle Ski Association. Officials are currently reviewing the Cal Best report. The minister intends to make his call on the core sport concept before the end of the summer.

* * *

CANADA PENSION PLAN

Mrs. Diane Ablonczy (Calgary North): Mr. Speaker, my question is for the Minister of Human Resources Development. The minister has assured this House that the Canada pension plan is in good shape with a healthy surplus.

However, almost all the surplus, 93 per cent of it, is loaned out to provinces at bargain basement interest rates. For example, it has just been reported that a Saskatchewan crown corporation, SaskTel, owes \$100 million of its huge \$600 million debt to the Canada pension plan at below market rates.

How could cheap loans to debt ridden governments and crown corporations be in the best interests of CPP contributors and beneficiaries?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification): Mr. Speaker, the hon. member may be interested to know that this arrangement in terms of using surpluses of CPP as

a basis for provincial use has been in place since the mid-1960s. It is not simply a program to lend to crown corporations.

If the member would speak to some of her colleagues who have been in provincial government she would know that the provinces also provide guarantees on whatever loans that are given to their agencies. Those are usually on a return interest of about 11 per cent, as I understand it. In effect the process has been in place for 30 years.

We are certainly glad the Reform party wants us to take a new look at this co-operative arrangement with the provinces and do something about it. Generally the program has worked very well. It has been a very important source for all provincial governments to invest in a wide variety of important infrastructure and educational institutions in their provinces. It is too bad the Reform party wants that program to come to an end.

Mrs. Diane Ablonczy (Calgary North): Mr. Speaker, what really is going on is that some of the provinces are funding some of their activities with low interest federal money instead of with tax dollars. They are getting further into debt because of it. Also CPP premiums are now expected to rise to keep pace with payments of benefits.

(1450)

Will the government agree to a moratorium on these low interest loans and ensure that from now on CPP surplus funds will be invested with an eye to a reasonable rate of return?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification): Mr. Speaker, I will quote directly the auditor general who says in his most recent report: "The CPP fund earns a reasonable rate of return on its investments".

If the hon. member is not prepared to take my word for it, perhaps she will take the word of the Auditor General. In the last report he underlined the fact that CPP funds are in fact being used for useful investments at a proper reasonable rate of return.

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[Translation]

NATIONAL DEFENCE

Mrs. Christiane Gagnon (Quebec): Mr. Speaker, my question is for the Minister of National Defence.

The third annual report of the Department of Defence Advisory Council on Women in the Canadian Armed Forces indicated that harassment is still quite frequent within this organization. In an article published on May 21 in *La Presse*, it was mentioned that the changes to the harassment policy of the department included, among other things, a new complaint process which is not controlled by the military hierarchy.

Oral Questions

Can the minister tell the House what concrete measures his department took to fight sexual harassment?

[English]

Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs): Mr. Speaker, there is no question that this has been underlined in a number of reports by the human rights commissioner and others in recent years. The armed forces is taking very strong steps to combat discrimination and harassment of women in particular in the armed forces.

In fact, this morning I was at a workshop in Gananoque of the spouses of Canadian forces personnel. They are working as a group within the department but also are volunteering their time to educate others in the wider military community to make sure this horrible trend of harassment in Canadian society does not spread any further or certainly any deeper in the Canadian military.

[Translation]

Mrs. Christiane Gagnon (Quebec): Mr. Speaker, is the Minister of National Defence in a position to appraise the new complaint process in use since last year and tell us how it was perceived by the women in the Canadian Armed Forces?

[English]

Hon. David Michael Collenette (Minister of National Defence and Minister of Veterans Affairs): Mr. Speaker, this whole process is going quite well. I will make available to the hon. member either privately, or by giving a statement in the House or depositing a document at the table, all the measures we have taken in the last year to address these very serious problems.

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UNEMPLOYMENT INSURANCE

Mr. Jim Gouk (Kootenay West—Revelstoke): My question is for the Minister of Human Resources Development.

The lack of a chairman for the board of referees in Kootenay West—Revelstoke has denied residents the right of appeal on UIC problems. I raised the issue in the House with the Minister of Human Resources Development on March 11 and was promised speedy results. The latest word is nothing until at least next fall.

Why is this relatively simple process taking so long? What will the minister do to ensure the rights of the people in my riding are not put off any longer?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification): Mr. Speaker, the reason for taking our time is that we want to make sure we get the best person possible in the riding of

Kootenay West—Revelstoke. It does take some time for consultations, but I can promise him we will certainly have an appointment in that post before the fall.

Mr. Jim Gouk (Kootenay West—Revelstoke): Mr. Speaker, my supplemental is also for the Minister of Human Resources Development. It is a repeat of the question I asked the minister's parliamentary secretary on March 25, with no results.

Will the minister extend the term of the previous chairman, Rocco Mastrobuono, until this drawn out process finally comes to an end?

Hon. Lloyd Axworthy (Minister of Human Resources Development and Minister of Western Economic Diversification): Mr. Speaker, the hon. member's question to the parliamentary secretary was very effectively and properly answered. The government would like to make an appointment as soon as possible, as soon as we find the proper person. I have committed to the hon. member that we will look at his request with special dispatch. There will be a new chairman of the board of referees as soon as possible.

* * *

SMALL BUSINESSES

Mr. David Iftody (Provencher): Mr. Speaker, my question is for the Minister of Industry concerning the finance department's small business assistance report which was recently released.

The report attempts to allege that the banks have not created a credit crunch for small businesses. This report blatantly contradicts testimony to the industry committee presented by Canadian small business people from all regions of the country.

(1455)

Who is telling the truth? Can the minister tell this House who we should believe, finance bureaucrats or the Canadian business people?

Hon. John Manley (Minister of Industry): Mr. Speaker, it is an easy call to make.

I am not sure what methodology was used in that report which was widely published last week. It was prepared for the previous government.

My view is, and I have heard the views of business people from across Canada as has the industry committee, that in fact there is a problem getting adequate financing for small business.

The government has identified the small and medium sized business community as the key factor in creating jobs. We have been discussing with the banks a code of conduct for lending practices which we hope we can agree to with them. A number of banks admitted to the committee and other places that in fact they were not doing as much as they could have done for the small business community. We are looking to the banks to respond to the challenge, particularly for knowledge based

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industry, particularly for the needs of small business to get adequate funds to grow and expand. Those are the initiatives we are pursuing.

Export oriented, knowledge based small business is the key to Canada's future. We need the banks to be partners in ensuring that is what happens.

* * *

[Translation]

THE ENVIRONMENT

Mr. Benoît Sauvageau (Terrebonne): Mr. Speaker, my question is for the Minister of the Environment.

Canada has not yet passed legislation to force ships sailing in Canadian waters to have a double hull. So the risk of spills causing considerable damage to the environment is still very high. Because of the St. Lawrence Seaway, Quebec is directly concerned by this absence of legislation. A chemical spill in our river would be catastrophic for the environment and our economy.

Can the minister, who announced on February 8 she would table her action plan before April 1st, explain to this House the delay of more than two months on an issue of such crucial importance for coastal regions in Quebec and Canada?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, the legislation on double hulls was passed in 1993.

Mr. Benoît Sauvageau (Terrebonne): Mr. Speaker, if legislation was passed in 1993, how can the minister explain why it is taking her so long to implement a contingency plan in case of spills while her colleague, the Minister of Transport, plans to delay until the year 2015 the implementation of regulations concerning the transportation of dangerous goods in double hulled ships?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment): Mr. Speaker, I repeat, there is no delay. The double hull legislation was passed last year. I do not know where the Bloc member and his colleagues were at that time, but the legislation already exists.

* * *

[English]

HUMAN RIGHTS

Mr. Jim Silye (Calgary Centre): Mr. Speaker, my question is for the Minister of Justice. Among the rights listed in the Charter of Rights and Freedoms as guaranteed to all Canadians is the right to freedom of association, that is the right of Canadian citizens to choose for themselves those individuals or groups with whom they do or do not wish to associate.

Does the Minister of Justice support this right of freedom of association?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada): Mr. Speaker, that is the sort of question one would prefer to hear the supplementary to. Let me say without qualification that subject to the supplementary, of course I do.

Mr. Jim Silye (Calgary Centre): Mr. Speaker, I will accept that waffle as a probable, yes.

In 1990 Norma Janzen of Langley, B.C., was fired from her job teaching children with learning disabilities. She had refused to join the B.C. Teachers' Federation fearing that a strike would force her to abandon her students, something she did not want to do.

This was a clear breach of Mrs. Janzen's right not to be forced to associate with the union. Mrs. Janzen has had to file a lawsuit to re-establish the freedom she has been denied.

Given the minister's response, will he instruct the Solicitor General and the Minister of Human Resources Development to seek intervener status in the case in support of Mrs. Janzen?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada): Mr. Speaker, the hon. member has raised a matter which is of concern I am sure to the constituent in question, but this is something which falls completely under provincial jurisdiction. It is certainly open to the individual in question to challenge the matter in the courts and to seek the support of those who share her views, but I do not think this is a matter for which the federal government has a special role to play and certainly not the Solicitor General, even though I understand the member's concern.

* * *

(1500)

[Translation]

TRADE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is for the Minister for International Trade.

The minister is aware of the U.S. Secretary of Agriculture's tirades claiming, once again and quite wrongly, that Canada subsidizes grain exports.

Can the minister tell this House how successful our government is in convincing the U.S. government of the validity of our position?

[English]

Hon. Roy MacLaren (Minister for International Trade): Mr. Speaker, the member may want to recall a number of instances in which both the minister of agriculture and I have made clear to the United States administration our complete

disagreement with their allegation that Canadian grain exports to the United States are subsidized.

We have taken every occasion to underline that basic position to the United States administration, as recently as my visit to Washington last week. We explored with the United States administration how they came to make this contention. We have agreed to meet with them further on this subject toward the end of June.

However, as the hon. member will know, the United States has imposed on itself a deadline of mid-July for a resolution of this issue in one way or the other.

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[Translation]

POINT OF ORDER

ORAL QUESTION PERIOD

Mr. Michel Gauthier (Roberval): Mr. Speaker, I have two points of order. The first one concerns my political party.

During Question Period, the Deputy Prime Minister mentioned that the Bloc Québécois had voted in this House against a motion to entrench the equality of both language communities in New Brunswick.

According to the *Votes and Proceedings* of this House, Bloc members voted for the motion, and their votes are duly recorded; only the Reform Party, that is Miss Grey, and Mr. Nowlan voted against it.

The Speaker: During Question Period and during debates, it happens at times that members have a different interpretation of events that are related. These are matters of debate, not points of order. I hope that members will be more discriminate in their choice of words and in what they say in the House.

This is not a point of order, it is a matter of debate. I am willing to listen to the member's second point of order.

Mr. Michel Gauthier (Roberval): Mr. Speaker, my second point of order is to the effect that, during Question Period, we all clearly heard the Minister of Transport call the Leader of the Opposition a liar, whereas what I just said proves beyond any doubt that the Leader of the Opposition was absolutely right.

Mr. Speaker, not only was the Leader of the Opposition right, but on top of that, the word "liar" is unparliamentary.

The Speaker: Order, please.

Has the hon. Minister of Transport something to say?

Hon. Douglas Young (Minister of Transport): Mr. Speaker, you will understand that I find it extremely difficult to sit here and listen to the minister, or rather the MP, who was a minister

Routine Proceedings

under the former Conservative government before becoming the Leader of the Opposition.

Mr. Speaker, on December 11, in this House—
(1505)

The Speaker: Order! So, my dear colleagues, this is a very simple matter. I will ask the hon. Minister of Transport—I had not done so before but I will now—whether he used the word "liar" in this House. Obviously, this is unacceptable and I would ask him, if he has used such words, to withdraw them right away.

Mr. Young: Mr. Speaker, of course, the respect I have for this House forces me to recognize that the phrase "to tell lies" or the term "liar" are unacceptable in this House. So I withdraw the word "liar".

Some hon. members: Hear, hear.

The Speaker: I accept that statement.

ROUTINE PROCEEDINGS

[Translation]

ORDER IN COUNCIL APPOINTMENTS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons): Mr. Speaker, I have the honour to table today in the House, in both official languages, a number of order in council appointments which were recently made by the government.

Pursuant to Standing Order 110(1), these are deemed referred to the appropriate standing committees, a list of which is attached.

* * *

[English]

COMMITTEES OF THE HOUSE

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Hon. Charles Caccia (Davenport): Mr. Speaker, it is my duty and indeed my pleasure to present today in conformity with Standing Order 109 of the House of Commons to table the first report of the committee of the environment and sustainable development.

In doing so, I would like to take the opportunity to thank the government for this most interesting assignment; the members of the committee for their work, advice, input and very thoughtful support; the clerk, researchers and support staff for their dedication, advice, guidance and the benefit of their experience.

I would also in a particular way like to thank all the witnesses and those who in large numbers advocated the thrust of this report, making most valuable recommendations on how the proposed commissioner of the environment and sustainable development is to operate.

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We have looked at the future well beyond the next election. We have produced a report which, if adopted, would serve Canada well into the next century. What we are proposing, if adopted, would take Canada to the forefront in the global community both in anticipating and preventing depletions in our ecological and natural resource capital and in integrating economic with environmental goals so that once and for all we get out of the dangerous balancing act we find ourselves in as a society.

In adopting the committee's recommendations, the Government of Canada will be giving substance to its commitment to an environmentally sustainable future and will assume its rightful place as a leader in the world community.

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[Translation]

MOTION TO EXTEND THE CONSIDERATION OF VOTES

Hon. Lucien Bouchard (Leader of the Opposition) moved:

That, pursuant to Standing Order 81(4)(a), consideration of Public Works and Government Services Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40 of the Main Estimates for the fiscal year ending March 31, 1995, by the Standing Committee on Government Operations, be extended beyond May 31, 1994.

(Motion agreed to.)

* * *

(1510)

[English]

PETITIONS**BOSNIA**

Hon. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a petition signed by over 800 residents of Quebec requesting effective political action to stop the violence and genocide in Bosnia.

The petitioners point out that despite numerous UN resolutions and ceasefires, there are still excessive cases of atrocity and violence against Bosnian civilians: rape, murder and ethnic cleansing.

The petitioners ask Parliament to support measures to stop this inhumane conflict and bring justice and peace to the Bosnian people.

GUARDIANSHIP

Mr. Ronald J. Duhamel (St. Boniface): Mr. Speaker, I have a petition from men and women in my constituency of Islamic faith of several different backgrounds and nationalities who would like to have the concept of guardianship considered as an alternative form of adoption.

These people of the Islamic faith believe that guardianship would have equal legal and moral obligations as does adoption. Therefore I urge the government to consider this particular request of these Canadian citizens.

QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons): Mr. Speaker, Question No. 37 will be answered today.

[Text]

Question No. 37—**Mr. Mills (Red Deer):**

With respect to the electoral observer's trip to the Ukraine on March 24, 1994, sponsored by the foreign affairs department, (a) who attended, (b) what was the cost by person and (c) what was the total cost?

Hon. André Ouellet (Minister of Foreign Affairs): (a) Participants list is included. (b) The costs which are noted reflect budgeted costs. The actual expenditures have yet to be calculated since claims for all of the participants are not yet in. Our preliminary assessment is that the actual costs will be, for the most part, under budget.

Parliamentarians—\$9,892.00 X 6. Ukraine specialists—\$10,600 (Including travel to Ottawa for a briefing) X 7. Monitors (42 days)—\$25,700 (Including travel to Ottawa for a briefing and professional fees) X 2.

(c) Total costs \$184,952.00.

Canadian observers for legislative elections in Ukraine

March 27, 1994

Following observers were in Ukraine for the period March 21–31:

1. Mr. Jesse Flis, Parliamentary Secretary to the Minister for Foreign Affairs, (LIB)—Mission Head
2. Ms. Carolyn Parrish (LIB)
3. Mr. André Caron (BQ)
4. Mr. John Loney (LIB)
5. Mr. Walter Lastewka (LIB)
6. Senator Marcel Prud'homme (IND)
7. Mr. Oleh Romaniew, President of the Ukraine-Canadian Congress
8. Ms. Alexandra Chycozij (Toronto, Ontario)
9. Mr. Myroslav Tracz (Winnipeg, Manitoba)
10. Mr. Victor Nachoneshny (Edmonton, Alberta)
11. Mr. Andrew Hluchowecy, Information Section, Ukraine-Canadian Congress (Ottawa, Ontario)
12. Ms. Patricia Sembaliuk, (Winnipeg, Manitoba)
13. Mr. Orest Dubas, Editor Ukraine-Canada Policy and Trade Monitor (Montreal, Quebec)

Following monitors were in Ukraine for the period from March 6 to April 16:

14. Mr. Bill Mukanik, federal Returning Officer
15. Mr. Don Slobodzian, former provincial Returning Officer (Alberta)

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[English]

The Deputy Speaker: The question as enumerated by the parliamentary secretary has been answered.

Mr. Milliken: I ask, Mr. Speaker, that the remaining questions be allowed to stand.

The Deputy Speaker: Shall the remaining questions stand?

Some hon. members: Agreed.

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[Translation]

TAX CONVENTIONS

The House resumed consideration of the motion.

The Deputy Speaker: The hon. member for Saint-Hyacinthe—Bagot has about 24 minutes left.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot): Thank you, Mr. Speaker, for the accuracy in your time assessment. I had calculated 23 minutes and 49 seconds myself, but I accept your time of 24 minutes.

So we were considering at third reading Bill S-2, which renews a tax agreement between Canada and five other countries, namely Hungary, Nigeria, Zimbabwe, Argentina and the Netherlands. It is never very enjoyable to be interrupted in the middle of a speech, so I will repeat some of the points I covered in detail in the first part of my speech.

The first point is that the Bloc Québécois has nothing against the countries that have signed the tax agreements mentioned in Bill S-2. The Bloc Québécois, like all Quebec sovereignists, has shown in the past that it is open to the world, has a deep-rooted tradition in the international cooperation and development area and supports mainly North American but also international agreements of all kinds.

You will recall how we supported the Free Trade Agreement with the United States and Mexico, as well as the GATT agreements signed last December. After long and laborious negotiations, we came to support these conventions, these international agreements.

The same thing applies to tax conventions. When they meet the original needs and the criteria that have been set, we have nothing against such conventions. First and foremost, these tax conventions are used to avoid taxing twice a company which has foreign affiliates.

(1515)

These are indeed very worthy conventions, but for them to meet their main goal, there has to be reciprocity between Canada and the countries with which we have signed these conventions. There must be reciprocity as well as commensurate tax treat-

ment for profits made by the companies, capital profits and a similar series of exemptions for private corporations.

But, these last few years, the Auditor General of Canada as well as some Liberal members, then in opposition, denounced in no uncertain terms some of these conventions which were signed and are still being renewed between Canada and countries considered as tax havens for hundreds of millions of federal government tax dollars.

I was pointing to the flaws of the tax convention system and explaining why we have so many reservations about a measure like Bill S-2, as we have long been asking for a review of each of these arrangements between Canada and various countries to discover which countries do not deserve reciprocity agreements or tax treaties such as the one under review this afternoon.

We were not the only ones who denounced these conventions. Several others have already done so. For example, in December 1992, the sitting hon. member for Ottawa—Vanier, himself a Liberal, criticized loopholes in tax conventions with countries considered as tax havens, by declaring the following: "We are really worried because the Department of Finance has done nothing to eliminate most of these schemes"—he was talking about schemes concerning tax conventions with countries considered as being tax havens—"used by foreign subsidiaries to avoid taxation. In my opinion, this problem is not new and we are confronting it again this year".

Indeed, the problem is not new. I would say that, since 1987 or approximately 1987, the Department of Finance has been "dealing with" the problems of tax loopholes associated with tax treaties. Indeed, in 1987, the Department of Finance announced that it would study the taxing of foreign affiliates. These studies were never tabled. Imagine! The Department of Finance of Canada has been aware of the problems for seven years, and has let them deteriorate for seven years. It has let these problems deteriorate while the Conservatives were in office, and it is letting them deteriorate under the Liberals.

I am extremely disappointed that the Minister of Finance and the Liberal government did not respond to our numerous calls for a serious and comprehensive analysis of those tax conventions that are causing the loss of hundreds of millions of dollars to the federal treasury in a period where, for some time already, we can no longer afford to deliberately lose hundreds of millions of dollars. This government continues to be inactive in the examination of those tax conventions. Even worse, it is proposing us to extend those conventions before analyzing their provisions as a whole.

This government perpetuates the injustices detected in some tax conventions, the sieves for Canadian corporations that do not carry out their duty as good corporate citizens in terms of contributing to the elimination of the deficit and debt problem of the federal government. I would tell you that the Liberal government, the Liberals, the members of the Liberal Party of Canada are only sensitive to two words: "lobby" and "friends".

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(1520)

As was the case for all taxation decisions that have been made since the evening of October 25, since the last election, and in particular since February 22 or 23, when the Liberal government tabled its first budget, these two words have become commonplace within the Liberal Party.

All taxation decisions have been made on this basis, on the basis of lobbyists and friends of the party. Perhaps I should have mentioned a third word: lobbyists, friends of the party. Friends who have been handsomely paid for their support since the Liberal Party came to power.

Friends who, for several years, have made generous contributions to the Liberal Party of Canada. Friends who are also stakeholders in tax loopholes such as those provided for in income tax treaties, family trusts and different leaks in the Canadian tax system.

With regard to the funding of political parties, is it normal that big Canadian corporations contribute such huge amounts to the Liberal Party of Canada in the same way they contributed and may still be contributing huge amounts to the Conservative Party of Canada, as they did last year?

Is it democratic, in a country that prides itself on being democratic, for a government to have both hands tied and not to be able to run the country freely because those people, from the Liberal Party of Canada, have to please those who contributed generously to the fund of their party? They have to be careful not to disappoint them. The Liberal Party has to go on. Like any other great federalist party, the Liberal Party must have some continuity. So, when these people come to power, the first thing they have to do is to please the friends of their party.

When someone wants to change a tax convention, for example, and when a Canadian business that made donations to the fund of the Liberal Party of Canada for many years comes under fire for its ability to evade taxation in Canada, it is quite usual, for this government, not to take its responsibilities and bring about sound reforms.

When we learn that the National Trust Company contributed \$12,454.70 to the Liberal Party in 1993 and the Royal Bank of Canada gave \$45,000 to the same party, we are not surprised to see that this government refuses to put in place measures that could affect it, nor can we fail to notice a certain complicity between a federalist message and the annual report of the Royal Bank or any other analysis of the constitutional impact of a certain decision that the Quebec population could make.

Is it normal too for the Liberal Party to receive \$25,000 from the Royal Trust Company, \$42,000 from the Bank of Nova Scotia, \$40,000 from the Toronto Dominion Bank and \$31,253 from Scotia McLeod and so forth? I could go on, there are many other examples.

In any case, the Liberal Party of Canada gets half of its funds from big business. So, not surprisingly, when the time comes to make decisions in the public interest, decisions which could further restore the public finances, at least in part, and which could somewhat tighten the budgetary policy or close tax loopholes, these measures, the real initiatives that should be taken, are not.

The Liberal Party, a great Canadian party, like the Conservative Party, came to office with its hands tied; they feel uneasy because they have to deal with lobbies and friends of the party.

(1525)

By the way, we saw over the week-end that if you are not part of a lobby, if you are not a friend of the party, you are at a disadvantage. A newspaper article this week-end said that rich families lobbied the government to keep their tax exemption. The Canadian Press article mentioned family trusts and said: "A lobby representing some of Canada's oldest and wealthiest family businesses talked the former Conservative government out of imposing capital gains tax on sheltered trust funds worth billions".

They managed to do the same with the Liberal government, the present Liberal administration. They succeeded to do the same, because despite pressures from the Bloc Québécois, from the Reform Party and from people fed up with social injustices, tired of paying for fiscal mismanagement and weary of lack of control on public finances, despite all these pressures, the first budget of the Liberal Party did not abolish the privileges of family trusts and did not plug the loopholes created by tax treaties signed between Canada and countries considered as tax havens.

I will continue with the article, because I found it fascinating and very representative of everything we have denounced about this government, about patronage and party friends. You know that family trusts were instituted by Pierre Elliott Trudeau. I can call him by his name since he is no longer a member of Parliament. It was Trudeau's idea. Trudeau is our phantom of the opera; he haunts this place. Every time you happen upon a bad measure, as it turns out, Trudeau was behind it. And if it is not Trudeau, it is the current Prime Minister of Canada.

Interviewed in Toronto, Mr. Sharwood, the former president of Guaranty Trust, one of the contributors to the Liberal Party fund, indicated that the majority of the members of his association—read lobby or interest group—are family businesses that go back several generations. The association also represents families among the wealthiest. This means that all the wealthiest families are bunched together in the same lobby. These families, the wealthiest in Canada, have contributed to the Liberal Party of Canada election fund. So you can imagine what kind of a welcome is extended to anyone from this lobby when

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he or she knocks on the door of the finance minister or of the Prime Minister.

I am not surprised to see how powerful these lobbies are, considering they spend millions, even hundreds of millions—if you put together all the contributions made by large corporations formed into a lobby—on furthering their own interests, not those of the people of Quebec or Canada. I am not surprised to see that they manage, as they often do, to prevent this government from making perfectly legitimate decisions that would certainly be welcome, given all the sacrifices asked of taxpayers in Quebec and Canada, people who are already crushed by the tax system.

I am not surprised when I look at the arrangements, at the family trust issue. I am not surprised, but I was even less surprised when I participated in the debate on the bill tabled by the Minister of Transport concerning Pearson airport. During that debate, which was very similar to this one on tax agreements and family trusts, we discovered that friends of the party had once again shown great strength, forming lobbies to ensure that the Minister of Transport, in his legislation regarding Pearson airport, would retain some discretionary power to, perhaps, compensate them if he deemed appropriate to do so following the cancellation of the contract for the privatization of that airport.

(1530)

There, as in the case of the two previous issues, and particularly this one on tax agreements, we noticed that friends such as Leo Kolber—he is the senator who organized a small lunch at \$1,000 a plate during the elections to finance the Liberal Party of Canada's campaign—played an active role in the privatization of Pearson airport. Leo Kolber had invited friends such as Charles Bronfman. Herb Metcalfe, a lobbyist with the Capital group, was also present, as well as Ramsay Withers, a federal lobbyist with close ties to the current Prime Minister.

So, there were many friends of the party who, again, formed a lobby to ask that at least some clauses in the bill tabled by the Minister of Transport provide benefits to them. These are friends of the party who formed lobbies. Imagine their power: they exert direct pressure on the Liberal Party to make sure it implements measures which will benefit their own interests.

When I see all this and when I look at what the government's last budget, which was its first one, contains in the way of budget cuts at the expense of the average citizen, I am disgusted, because I have yet to hear a single Liberal, among all those who have been complaining bitterly about such cuts for the past eight years, object to the fact that the government is doing nothing about unfair practices and loopholes in the Canadian tax system, while on the other hand, in order to improve the state of the federal treasury, it introduces measures like cutting \$5.5 billion from the unemployment insurance fund, eliminating the age tax

credit, and generally, measures that come down hardest on the neediest in our society who are already depressed because they have no work, and are now facing additional constraints.

As in all other areas, it is clear the members of this government are arrogant and cynical in the extreme. I keep repeating this because it is true. Every day I wonder how the Liberals can treat people the way they did, the Liberal members of the finance subcommittee which examined the bill on amendments to the Unemployment Insurance Act. I am really disgusted at the way they behaved.

People came from the Maritimes, all the way from St. John's, Newfoundland, to appear before the committee, which hardly bothered to listen to their grievances about the unemployment insurance cuts. The government did listen to the lobbyists who asked them not to eliminate certain tax conventions with countries that are considered to be tax havens. The government did listen to the richest families in Canada who wanted the government to maintain the outrageous preferential treatment of family trusts.

They came all the way by car, like those who came from the Acadian peninsula, and they were thrown out because they came to express their grievances. They came to say they were ashamed of supporting a government that had promised to put the economy in the Maritimes back on track, but instead had shown it could not care less what happened to them and dozens of communities in the Maritimes.

I get rather emotional whenever I talk about inequity and unfair taxation, because as a newcomer in politics, I sincerely believed that people who for years had been fighting for more tax equity and who made their objections heard every time the Conservatives introduced measures which they themselves condemned, were sincere. I thought that these people were sincere. In spite of our differences of opinion on constitutional matters, I really thought that they were sincere, but I realize now that they are nothing more than good actors. They are excellent, but the play does not last forever.

(1535)

When I see this kind of measure, when I see the richest Canadians keep their privileges when the poorest members of our society are being asked once again to tighten their belts, this year, next year, and until the end of this government's mandate, I tell myself that, one day, common sense will prevail. People will realize that this government is a puppet government, and that it may be time for Quebec to change the constitutional order of things, to take its future into its own hands, and to implement real measures. It is time for fair taxes, for a Quebec tax system in a sovereign Quebec, based on the principle of equality for all, and taking into account the needs of our poorest citizens.

I have been wishing for and dreaming of such a system. These people are making this dream of a fair tax system even brighter. Let us dispel the nightmare of this unfair federal tax system.

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[English]

Mr. Ray Speaker (Lethbridge): Mr. Speaker, it gives me pleasure today to speak on Bill S-2, the Income Tax Convention Act, which deals with a number of tax conventions. My intention in the next few moments in the debate is, first, to support the principle of the bill; second, to raise some general questions; third, to raise our specific concerns with regard to points in the bill.

As I listened to the debate so far on the bill there is a lot of latitude I could take. I could move all the way from the countries we are dealing with here—Hungary, Nigeria and Zimbabwe—and into the bedrooms of the nations, it seems, in a very easy and facile way in this assembly.

In looking at the bill, as was mentioned by the Parliamentary Secretary to the Minister of Finance it is certainly a housekeeping bill, but there is a very important principle in it. The extent to which we deal with the principle and apply it in relationships with various countries of the world is very important not only to Canadians but to the other countries because today our world is certainly changing as never before.

Technology is allowing us to deal with every country of the world. Whether they are friends or semi-friends, we can deal in a businesslike way with countries. People in this country can sit in their living rooms, their kitchens or small offices in their homes and deal with countries anywhere in the world in terms of our technology and making business arrangements. That is one aspect of it.

Another aspect is that we want people in our country to use their skills, abilities, knowledge and technology to work with the people of other countries. They can exchange the same attributes we have so that they can be of benefit not only to other countries but also to persons who work within the confines of other government jurisdictions.

As was mentioned, the purpose of the bill is to prevent income tax evasion, double taxation or unfair taxation of people who work between one country and another. That principle is certainly important.

The countries we are dealing with at this point in time are Hungary, Nigeria, Zimbabwe, Argentina and the Netherlands. If there are other areas of the world we should deal with, we should do so to make sure there is consistency. This is a good first step.

(1540)

What are some of the general questions I would like to raise for the parliamentary secretary or the Minister of Finance to consider in their response at a later period in the debate?

First, why are we only signing on with the limited number of countries listed and not some of the emerging markets we will be trading with in the future?

Second, is the reason for these conventions that tax evasion exists in Canada due to our comparatively high level of taxation? Or, is it that the government is not willing to prevent the problem from occurring by bringing our tax level in line with those of other countries? Is the problem we are facing a tax question rather than the consistency question that has been raised here?

Third, is it realistic to expect these conventions to be workable when Canada's tax system is considerably more complicated than that those of the countries with which we are signing these conventions?

Fourth, is our high taxation level responsible for people leaving to go to these countries and is that the reason we need these conventions?

There are some specific concerns I wish to raise with regard to Bill S-2. First, article 21 on page 43 of the bill allows for Canadian professors teaching in Nigeria to be tax exempt from both the Nigerian government and the Canadian government. Is the government allowing tax loopholes to exist that we should deal with in terms of our tax policy?

The second concern I raise is with regard to article 10, paragraph 2(b), at page 60 which allows Canada to tax dividends emulating from Zimbabwe funds invested in Canada at 15 per cent but Canadian dividends from investments in Zimbabwe can be taxed at 20 per cent. Is this contrary to the concept of reciprocity?

The third question I raise is with regard to article 11, paragraph 3(a), at page 61 concerning interest arising from Canadian bonds held by Zimbabwe investors that can only be taxed in Zimbabwe. In this case the converse is also true. This is a questionable article because it is unlikely that very many Canadians will invest in Zimbabwe government securities. This is interest that will leave Canada and probably will not return.

Those are some of the general questions I have with regard to the bill and some of my specific concerns. I would appreciate it if the parliamentary secretary, or one of the government members who has investigated the bill further, could respond to those questions.

On behalf of the Reform caucus I would like to say that in a specific sense with regard to the principle we support Bill S-2 and will do so on the floor of this assembly.

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Mr. Walker: Mr. Speaker, I have already spoken at this stage of the bill. I just want to indicate that the comments of the Reform Party spokesperson were heard and that a response will be made.

(Motion agreed to, bill read the third time and passed.)

* * *

(1545)

[*Translation*]

CANADIAN FILM DEVELOPMENT CORPORATION ACT

Hon. David Anderson (for the Minister of Canadian Heritage) moved that Bill C-31, an act to amend the Canadian Film Development Corporation Act, be read the second time and referred to a committee.

Ms. Albina Guarnieri (Parliamentary Secretary to Minister of Canadian Heritage): Mr. Speaker, the government of Canada is pleased today to propose to the members of this House amendments to the present Canadian Film Development Corporation Act, in order to create a loan guarantee program that will give companies in the Canadian film and video industry easier access to sources of private funding.

This program, which is the outcome of a very detailed analysis of the needs of the Canadian film and video industry, will allow better management of public funds without involving the federal government in any additional expenditure. It will be managed by one of our major national cultural institutions, Telefilm Canada, and will guarantee loans totalling \$25 million annually.

The program, in fact, will be an invaluable financial incentive contributing to the growth of the Canadian film and video industry. Its objective is clear and its scope considerable: to encourage our financial institutions to become better acquainted with this industry and devote more of their resources to funding Canadian production and distribution companies. For it must be said that the financial institutions have always been reluctant to participate in funding companies of this type, because they were unfamiliar with the cultural sector and considered intellectual property as inadequate security from a financial perspective.

In recent years, the financial position of the film and video industry has been affected by the continuing decline in resources available from both public and private sectors. Telefilm Canada's annual resources will shrink by some \$195 million, or 22 per cent, over the period from 1992-1993 to 1997-1998.

On the one hand, the banks are not co-operating as much as they might and, on the other hand, government funding has consistently fallen. If this trend continues—and there is little chance of a turnaround in the foreseeable future—production will decline and this will inhibit the government's efforts to

ensure that Canadian cultural products of quality are available on our own market.

The time for action is now. Change is necessary if Canada's cultural industries are to establish themselves in the new cultural landscape that is now taking shape. They have always had to deal with the proximity of the "American giant" whose vital mass culture assures worldwide success.

Ours is one of the most open cultural markets on earth. While this is certainly enriching for all Canadians, such openness also represents a threat to our own creative artists. We cannot allow our national culture to be marginalized in our own domestic market, or fail to provide it with every opportunity to prosper in foreign markets.

The loan guarantee program is an innovative solution to this problem. As well as demonstrating this government's commitment to protecting our cultural sovereignty, it aims to diversify the funding sources of a fast growing industry and foster good business relations with new financial partners.

(1550)

[*English*]

The situation is especially pressing in that a study conducted in 1992 reveals that the growth of the Canadian film and video industry is limited by chronic lack of access to sources of interim financing. It is difficult, even impossible, for Canadian film and video companies to obtain from the banks the funding they need for their activities when their only guarantee is a letter of intent from a broadcaster or distributor.

The contract signed on the basis of these guarantees are worth an estimated \$70 million to \$100 million a year. This shows how important they really are. Once it is in place, the loan guarantee program will rectify what has been a problem to the industry and could generate up to \$143 million in activities related to film and video production and create several thousand jobs.

The Canadian film and video industry which barely existed 20 years ago has experienced phenomenal growth and is now a major employer and a producer of high quality entertainment programs.

The figures speak for themselves in this regard. The total revenue of this industry, despite fluctuations from year to year, rose from \$122 million in 1980 to more than \$835 million in 1992, with the number of direct and indirect jobs totalling more than 50,000 in 1992.

According to Statistics Canada, the revenue from exports of film and broadcast products jumped by \$210 million from 1980 to 1989 to reach \$230 million. There is no doubt that this is a vital and viable sector of Canada's economy. The loan guarantee program could not come at a better time to stimulate the growth

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of a dynamic Canadian industry and to establish a relationship of trust between cultural enterprises and financial institutions.

It is possible to hope for better co-operation between the cultural and financial sectors and over the long term reduce dependency of the cultural sector on public funding. This is the objective of this legislation.

The risk is small. Any potential losses will be covered by a reserve fund established with Telefilm's current parliamentary appropriations and the user fees levied from recipients. Telefilm Canada will subject applications for loan guarantees to close scrutiny using strict criteria to ensure that only promising projects submitted by solvent companies receive such assistance.

This is the first step in that direction. It is not unthinkable that the Government of Canada, if it considered it appropriate, would contemplate extending this program to the publishing and sound recording industries which also suffer from chronic under funding and the same lack of understanding on the part of financial institutions.

The minister has asked the officials in his department to study this possibility. In a way it would be a question of applying the same tried and tested solution to a similar problem. The challenges of the 1990s must be met with the solutions of the 1990s. The importance of the cultural sector, both in terms of strengthening our national identity and the economy, calls for judicial changes to the structures already in place, especially at a time when borders are fading and it has become imperative to preserve everything that makes us unique as a country.

The loan guarantee program partakes of such a vision and attests to the government's commitment, set out in the red book, to promote Canada's cultural development. It is an innovative, effective and economic tool that will contribute to the prosperity of one of our most flourishing cultural industries, enhance the production of quality Canadian cultural products and enable banks to better understand the needs of Canadian cultural enterprises.

(1555)

[*Translation*]

Mr. Louis Plamondon (Richelieu): Mr. Speaker, first of all, I would like to say that the Bloc Québécois fully supports this legislation, and this includes the official critic, the hon. member for Rimouski—Témiscouata and all members of the Bloc.

We know that this proposal is the result of three years of discussions conducted by the Department of Communications, the Treasury Board, the Department of Finance and Telefilm. The process, which started under the Conservative government three years ago, has finally led to the tabling of a bill, and I want to congratulate the government on acting so promptly in this respect. We seldom hear good news from the government

nowadays, but when we do, I think we should stress the fact, and I am delighted to salute this initiative on behalf of all my Bloc colleagues.

It was high time the government interrupted a bleak series of cutbacks that have been a burden on the cultural sector in Canada and decided to introduce a measure long awaited by the film community.

Between 1992 and 1998, the government would have cut about \$100.5 million from its grants to a film industry in full expansion.

The measure before the House today is a godsend for the film industry which suffers from a glaring lack of capital funding. Good projects that never set off the ground because of lack of cash are legion.

A study by the Department of Canadian Heritage has revealed that today, letters of agreement between producers and distributors worth a total of between \$70 and \$100 million have not been signed because of lack of money.

Furthermore, many very interesting projects never get beyond the production stage because they are not judged to be commercially viable. This bill will fulfil its purpose if it also reminds Telefilm Canada of its original mandate, which is to support all Canadian cultural products, not just the commercial ones.

Like SOGIC in Quebec, Telefilm Canada should give equal treatment to commercial films and documentaries, television and cinema, as well as female and male filmmakers and producers.

If it achieves its twofold purpose, Bill C-31 will ease the plight of Quebec and Canadian producers who are waiting for the government to deliver on another measure that is essential to the survival of this industry, and I am referring to a tax credit that would replace the existing tax relief for depreciation.

A tax credit would directly benefit Canadian film and video production, unlike the present tax shelter. It is estimated that only 7 per cent of the cost of this tax measure is reinvested in Canadian productions as such. The tax credit would not require any additional investment.

Introduced in Quebec in 1990, the measure has been a real success story and truly serves the interests of the Quebec film industry.

In concluding, I again wish to congratulate the government on this very appropriate initiative, and as an incentive to keep up the good work, I would like to quote what was said a few weeks ago by Pierre DesRoches, outgoing president of Telefilm Canada: "A country that does not have what it takes, either intellectually or financially, to make a feature film does not deserve the name".

Finally, I would like to reiterate the support of Bloc members for this bill and express the hope that the bill will pass all three stages today, so that producers who have been waiting for years

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will perhaps not see their dreams come true but at least have some way to get the money they need to start production.

[*English*]

Mr. Bob Ringma (Nanaimo—Cowichan): Mr. Speaker, my remarks on Bill C-31 will be premised on the assumption that most of us in this Parliament want to do what is best for our country as a whole and for the industries, such as the film and television industries which are a part of that entity.

(1600)

What is the best role that Parliament can play? My thought is we should try to have the most thorough examination possible of any subject that forms the basis of a bill before the House.

I do wonder if Bill C-31's timetable is going to permit the examination the bill merits. It was tabled on Thursday, May 26. It was announced on Friday last that second reading would be today, Monday, May 30. I found out about it Friday afternoon. I do not think that is too much time to gather the facts on a subject one is not particularly familiar with.

One of the problems the public at large is having with the government and Parliament is the perception that decisions are made behind closed doors, that government with a majority in Parliament can do as it pleases. This House could dispel that impression by bringing things into the open. I am not suggesting there is anything concealed with Bill C-31, but surely more time for consideration would help the debate as well as the public perception of it.

What should be examined in detail is the whole concept of government assistance to industry versus free enterprise. There is a role for government to play, especially regarding start-up industries.

There is, for example, a real lack of venture capital in Canada. The government should not get into the business of providing venture capital, but it should encourage it through taxation rules on capital gains. If the government does get involved with the provision of loans or loan guarantees, it should do so for a strictly limited period of time. No industry that habitually depends on the government for support is going to prosper in the long term.

As we consider the extent to which the Government of Canada guarantees loans, we should be mindful of Canada's deficit and debt situation. With the federal debt at the \$500 billion dollar mark the government must send out a signal of fiscal responsibility and a capability and willingness to get things under control. Its signal to date is inadequate. While Bill C-31 is a relatively minor matter, the loan guarantees it proposes exacerbate the government's position on the side of fiscal responsibility.

On the positive side of this bill we note that similar loan guarantee programs exist in several of our provinces. Quebec, Ontario, Saskatchewan, Alberta and British Columbia all have programs of guarantees. They have experienced a very low rate of default which is good news.

It is also noted that the Canadian Film and Television Production Association and l'Association des producteurs de film et de télévision du Québec both believe this program will be of great benefit to the industry. The government has stated it believes the program should only exist for a short period of time. That is on the positive side of it.

(1605)

Also on the positive side, there is evidence of real growth in the industry in western Canada. Activity in indigenous Alberta productions has increased by 360 per cent in the last few years. British Columbia has enjoyed similar growth. This increase has come without any federally guaranteed loans. It shows that relationships between the producers and Canadian financial institutions is healthy and is improving. Perhaps this indeed demonstrates there is no longer a need for guaranteed loans.

This House should look closely at what is happening in the industry in western Canada, that the provinces alone are able to furnish the guarantees necessary and that this is having a very positive effect on the industry. It is growing and succeeding. Why then do we have to keep coming in with federal government intervention?

The other concern I would voice, but on the positive side concerns co-operation interprovincially and internationally. There are joint production efforts going on between the provinces and between our country and others. This also is a sign of success. That is where we should allow the industry to capitalize on its success and go in that direction.

If this program goes ahead another concern is the equitable distribution of loan guarantees. This is to be to all of the provinces. I would like to know from the government what process will be used to ensure an equitable distribution if the bill takes effect. If the effect of Bill C-31 is to regionalize the industry, to concentrate more development in Ontario and Quebec as opposed to the development which is going on in the west of Canada then again it is not going to have the effect it should be having. If it is going to regionalize, please let us make sure this regionalization is not concentrated in one area but is spread throughout.

The spokesman for the bill in committee mentioned a promise to get rid of Telefilm as a crown corporation. I would like know from the government what the time schedule is on that and when it thinks it should happen. Also, why was the statement made that Telefilm could eventually be done away with when the

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government is doing more now to jack it up with Bill C-31? I do not quite understand that.

In conclusion, I encourage the government to introduce bills such as Bill C-31 with a little more leeway in the timing to allow for more comprehensive preparation for debate. We do agree the government has a role to play in encouraging industry, particularly fledgling industries in Canada. However, it seems to us the role should concentrate on providing appropriate tax incentives rather than loans or loan guarantees.

(1610)

If in its wisdom and with its majority the government decides to proceed with this bill, we caution it to put a time limit in the bill, a sunset clause as it were, and to ensure that the international financial community fully understands why this temporary assistance to this Canadian industry is needed.

Ms. Guarnieri: Mr. Speaker, I rise on a point of order. Are there questions and comments?

The Deputy Speaker: No.

Mr. Julian Reed (Halton—Peel): Mr. Speaker, as a matter of fact I thought this would be a question and comment period myself, but now that I have the floor I will address some of the comments made by my hon. friend from the Reform Party.

In this House I may be the only member of the Alliance of Canadian Cinema, Television and Radio Artists. I have knocked around the industry performing professionally since 1966. I can recall where film was at that time, where it went and what the inhibitions were to its proper and orderly development in this country.

Film development and the development of a base for film production in Canada is much more than loan guarantees, although they are part of it. It is much more than tax incentives which have not always worked in the past.

The requirement has been for a consistent employment of both technical and performing talent which would allow the medium to continue to grow in this country. It is not enough to establish an industry on a one-time basis. What happens is you can bring in a lot of mediocre capability and end up with a mediocre product and then have nowhere to go from that point onward.

To this point the development of film drama in Canada with the assistance of successive governments has been consistent. It has been consistent enough so that the talent base has been maintained and cultivated in this country, not just the talent base for performers but the talent base for technical people, the technical base for all of the ancillary needs of a film industry.

It has grown to where it is starting to be recognized as being one of the best places to produce films and television programs in the world. That was not so in 1966 when producers and

directors who in the main were from other countries looked upon Canada as a place to go to get cold.

I recall a company in Toronto called Film House which established one of the most sophisticated and advanced systems for film dubbing. It ended up failing because it could not attract the volume of work needed to keep afloat.

It has been a constant battle, a constant effort, to prove that Canadian capability ranks as world class in order to attract the kind of—my friend refers to joint efforts with other countries—joint effort as a result of assistance to the Canadian film industry that allows the rest of the world to look on it as being second to none. As hon. members will know, we are now in a position where we are able and do produce television series and so on which we export to the rest of the world.

(1615)

Film production as we know is a very individualized effort. My friend talked about making sure that these loan guarantees were spread across Canada. I have to tell him that film production is site specific. It is not relegated to the major centres of this country. Feature film is shot in every province of Canada but it is done on a film specific basis. I believe that loan guarantees in this case are probably superior to tax write offs.

I can remember when there were very attractive tax write-offs in the film business. A lot of film was produced that never saw a screen. It never got farther than the can but it fulfilled the requirements for the tax write-off.

I would suggest when we are considering assisting this kind of venture that we should be taking those elements into account. We have reached a certain stage in development. I use the phrase talent base. Talent base is a much more broad term than actors as I think we will all accept. We have reached a level where Americans like to come to Canada because grips, technical people, cameramen and women are able to compete on a world class second to none. Facilities now have developed to a point at which we have some of the largest sound studios in the world. We have the best technical people. We have a class that we can offer. What happens is that these productions in effect de facto become an export for Canada.

Support for the performing arts in the past has often taken second place to things that some people considered to be more important. I have to say that if we look at support for the performing arts, whether it is in theatre or film and so on, it has an economic spinoff that may be as high if not higher than any other venture.

If anybody wants to challenge that I would invite them to downtown Toronto any night of the week to see all of the theatres that are operating at the present time and the spinoff effects that has on the economy of metropolitan Toronto for the people who work in the service industries, et cetera.

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When you and I go out and pay \$65 for a ticket, which we think is exorbitant, to see "Miss Saigon", we probably buy dinner as well and take guests with us. All of that infuses economic activity into that area.

Assistance to the performing arts, regardless of what it may be, is an economically sound venture providing it is done in a responsible and proper manner. I heartily endorse it.

The other thing we must consider is that we are in competition with other countries in the world. Australia was one of the early lower populated countries to begin to export film and television programs. Over the years it has been very successful. Canada is now perhaps behind in the volume of export that goes on. It is because these countries support their industry. We can do no less in this House than to provide that kind of support. I of course endorse this bill wholeheartedly for the reasons I have put forward.

(1620)

I would hope that every member in this House understands that this kind of support is a positive thing. It is an investment. It is something we do and we expect excellent sustaining returns.

The Deputy Speaker: I see the member from Nanaimo getting up. Unfortunately it is not questions and comments, so he will need unanimous consent to speak again. Is there unanimous consent?

An hon. member: No.

Mr. Duncan: May I clarify why there are no questions and comments.

The Deputy Speaker: The hon. member is raising a point. The rules stipulate that when a bill is being introduced, the first three speakers on behalf of the three parties have 45 minutes, but there are no questions and comments after their speeches. Thereafter, for example the member who just spoke, there is a 10 minute questions and comments period. Perhaps the member wishes to ask questions or make comments.

Mr. Bob Ringma (Nanaimo—Cowichan): Mr. Speaker, thank you and I thank you for the intercession of my colleague to get it straightened out.

The last hon. member who spoke painted an almost glowing picture of the industry today and that is good. I am very happy that is so and it is burgeoning. In view of that, and this is an honest question, does the member foresee the day coming when such loan guarantees will no longer be required? Is that coming? Is the industry successful enough that in the foreseeable future it will be able to stand on its own?

Mr. Reed: Mr. Speaker, the intent of the legislation is to lead toward that point. That is one of the reasons I suppose why we would deal in terms of loan guarantees rather than tax incentives.

We are at the point of near maturity in this industry in terms of our ability to compete on a world-wide basis and so on. There are still areas where this kind of assistance is desirable and often becomes necessary.

It is not always. I know the hon. member has pointed out that there are productions taking place in western Canada. I was involved in one last year which was an ABC movie of the week shot in Toronto which had no government funding whatsoever.

It is certainly getting there. We have certain things we can offer to our friends in other countries, most particularly in the United States because of the volume of material that it produces.

I think there is still a need to encourage and enhance the world-wide recognition of what Canada does and what Canada can do. We started it with some assistance. It was an investment. It has been paying off. I firmly believe that we will see the time, perhaps in our tenure here, where we may grow right through it and out the other side.

Mr. John Duncan (North Island—Powell River): Mr. Speaker, my question for the member for Halton—Peel relates to the fact that parts of the industry appear to be operating quite successfully without loan guarantees and other parts seem to require it.

(1625)

Does that not imply somewhat of a defeatist attitude on the part of the industry in terms of why this bill is required in this format? We first heard about it last week and we are rushing it through this week. Is there some reason that the member is aware of why we are going through this rapid exercise here?

Mr. Reed: Mr. Speaker, there are some productions where it is much easier to raise money. For instance, if Canada is shooting an American production that financing will be in place but it will be shot as an American production.

I refer back to "JFK: Reckless Youth", ABC movie of the week. That financing came here already in place. However in Canada there are many times when one is venturing into new areas where that financing is not as readily available and where the banks are not forthcoming 100 per cent. Members know how ventureless banks are when one gets right down to it.

The member would also recognize how expensive film production really is. It is a very expensive item. I hope there is a recognition that we are not dealing with new money in this issue. We are not trying to create new finances or increase the deficit and so on. We are simply attempting to direct money in a manner that is going to be most effective, if you like, the biggest bang for the buck.

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Mr. John Duncan (North Island—Powell River): Mr. Speaker, as I have already expressed I have some concerns about the timing on this bill and why it is being presented in the way it is.

I am pleased to speak today on Bill C-31, an act to amend the Canada Film Development Corporation Act. Telefilm Canada is the better known name for the Canada Film Development Corporation.

A major stated purpose of this bill is to help the already well established producers develop a better relationship with Canadian financial institutions. My interpretation of this statement in simpler language is very different and I can summarize it in three statements.

First, this bill is all about access to capital. Second, the bill leaves the selection of winners and losers in the hands of the Telefilm Canada bureaucracy. Third, this bill assumes that the relationship between producers and banks is unhealthy. I would like to discuss each of these in turn.

This bill is all about access to capital. The problem is that the banks will not give anyone any money even though one has an order. This is certainly not unique to the film industry in Canada.

Second, the bill leaves the selection of winners and losers in the hands of the Telefilm Canada bureaucracy. This bill makes Telefilm Canada a guarantor for the loan for part of the presale agreement to a maximum of 85 per cent with an annual allotment of \$25 million. Each application would be to a maximum of \$1 million.

This will place the producers in the situation of having to sell their project twice, once to broadcasting or other companies and then to Telefilm bureaucrats. Broadcasters will soon find out which producers can sway bureaucrats and which cannot. This will tend to distort the whole marketplace. It is one more example of the Canadian disease whereby the government interferes in the free market. In this case it has the effect of backing the strongest players in the market by giving loans to the healthiest and most established companies that apply.

(1630)

A director for Telefilm at the briefing on the bill stated that the money would help the 50 or so strongest Canadian producers and that it was not meant for new or fledgling producers. Over time this will have a tendency to preclude those with new and fresh ideas who are new to the marketplace and those from the non-established film centres. This will be counterproductive to Canadian culture.

Another major concern I have based on the briefing is that there are no specific criteria in place to evaluate the applications or proposals to Telefilm Canada. That is left open even after the bill.

Third, the bill assumes that the relationship between producers and banks is unhealthy. While this may be true in some instances there are instances where it is apparently not true, as in B.C. and Alberta examples where indigenous productions have increased dramatically in the last few years without federally guaranteed loans.

The bill is a response to a portion of one industry having some difficulty accessing capital. It is important to look at the bigger picture since this difficulty is a longstanding Canadian problem which the parliamentary standing committee on industry has been studying in this session with regard to access to capital for small and medium sized businesses.

Why is there so little Canadian investment? Can we achieve our goals with regard to Telefilm Canada through tax credits or through motivating the banks? Both these methods are preferable to the intent of the bill which will have bureaucrats backing the winners. There is nothing in the bill to preclude a grant from Telefilm Canada, a grant giving organization, and a guarantee against production. The government may be accepting more than 85 per cent, or even 100 per cent, of the risk.

It is very unlikely this type of legislation would be contemplated in Germany, one of our major trading partners. Both Canada and Germany have a strong national banking system, but I am told by German business people that if they have a legitimate order in Germany they will almost certainly get the money to produce the order. They have a very good system to ensure that capital flows to legitimate business propositions. It is a major strength of their country.

In one of my previous careers I was a Canadian manufacturer with some export sales. Selling with foreign purchase orders was preferable to domestic sales because the federal government guaranteed the major portion of payment upon delivery. A very positive aspect of the federal program was that the eligibility rules were clear and certain and applied whether one was a new entrant such as us or a long established enterprise.

Bridge financing can be a reasonable proposition if it follows the principles of equal access to all and encourages good ideas. We should be in a position where if we have a good idea we can go for it. It makes no sense to have a capped and artificial program limit of \$25 million. If we want to get into this area as a country we have a lot of homework to do and the bill does not cut it.

(1635)

In summary, the strongest and largest film producing areas are in Toronto and Montreal. There is concern within the industry about equitable distribution of funds for loan guarantees. The bill will tend to entrench regionalization for an industry that is thriving across Canada without federally guaranteed loans.

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Canadian access to capital is a problem for many industries. It is my recommendation that we look very closely at the German example for constructive ideas we may want to adopt.

Canadians want a strong national identity. This is best achieved through a strong cultural community that is allowed to develop and grow with minimal government constraint. The bill entrenches bureaucrats as arbiters of culture in my view and is counterproductive to progressive Canadian culture. There are many examples where Canadian banks have provided loans for cultural program development. Let us build on this success and attack the problem, not the symptom.

I am opposed to the bill because it is ill designed and is counterproductive to the long term benefit of Canadian culture.

Mr. Julian Reed (Halton—Peel): Mr. Speaker, my hon. friend is somehow opposed to the people he calls the bureaucrats in Telefilm Canada refereeing who will get the support and who will not.

One question I should ask him is who should referee it? Certainly not a group of politicians from committee. Does he have any suggestions of who would be better referees than we have at the present time?

Another question jumped out at me during his speech. He was talking about banking systems responding if a company had an order. That is very commendable in itself, but what is an order for a film? What is an order for something that has yet to be created? It is not an order for a bottle of milk.

With it goes risk. It is a creative risk. It is all those things banks do not like to deal in. That is why it is still necessary to help allay some of the risk at least. Each film that is made, each television series that is ventured, each pilot show that is done, is done with some creative risk. Either it will be a success or it will bomb. Some of them bomb. They are not all successful.

Mr. Duncan: Mr. Speaker, as a small manufacturer in the furniture business with about a 20 per cent success rate, the banks were very used to the manufacturing success in my business. That is the best example I can give.

Every business has a degree of risk, particularly manufacturing. I empathize with the member's comments in terms of the banking system and how the access to capital for small businesses is not forthcoming in the way we would like to see. However to single out this one industry with a bill wherein the rules of engagement afterward are not specified is not doing our homework.

(1640)

As to who should do the refereeing, I gave an earlier example of federal bureaucrats administering the export development

program. They are not insiders. That is my concern with having Telefilm Canada be the arbiters. They have all the baggage of the established cultural industry in Canada and will be potentially blind to new regional development or new blood that wants to come into the industry.

It was apparent in the briefing on the bill that this program would go to the strong and the established. It was not to go to fledglings or new entrants into the business. Who has the biggest concern with access to capital? I would say the opposite to the apparent intent of the results of the bill.

My suggestion on who should referee the whole process would be someone not within that group but someone perhaps associated with the regular bureaucracy that is used to this type of standard setting and this type of allotment.

Mr. Ovid L. Jackson (Bruce—Grey): Mr. Speaker, I thank both the hon. member for North Island—Powell River and the member for Halton—Peel. This has actually been a very good discussion.

In my previous job as mayor of the city of Owen Sound we tried to get a centre for the performing arts. It was very difficult. On the one hand we had to have a balanced business approach and on the other hand we were looking at visionaries, idealists and artists, and artists are not necessarily business people.

Let us try to imagine a world without artists. Somebody had to dream or imagine many of the things we do in life whether it is the CN Tower or the Corvette car we drive. Sometimes dreamers or imaginers do not know anything about money and sometimes they do make mistakes. The government is trying to find a medium through Bill C-31 to encourage the arts in Canada.

We are rather unique in Canada in our proximity to the United States and with the competitiveness from there. All of us are aware of what happens in Universal City. We know the Japanese are taking large chunks of it. It is a very clean industry. It is a great industry. It is a growing industry. It is an industry that Canadians could be proud of, with the quite recent ACTRA awards. As the hon. member for Halton—Peel has said, we have good film makers and a lot of producers coming to Canada. We have an environment in major cities, as mentioned before, for this kind of climate.

Notwithstanding it is not going to be perfect, knowing the groups at work here. The hon. member from the Reform Party talked about the business part of it and the hon. member for Halton—Peel talked about the artistic part of it. Somehow we have to merge those two parts. People have to take risks. Sometimes they bomb. Sometimes it takes years for things to happen, but we need these people and we need to encourage them. I am certainly glad we on this side are trying to promote that kind of climate.

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I know there have been boondoggles in the past. There will probably always be, but hopefully we can cut out the loopholes and have a climate to create work for our people, expression for our people and growth for our country as the great country we know it to be.

(1645)

Mr. Duncan: Mr. Speaker, I do not know exactly what the question was, but I do appreciate the fact that we both have the same bottom line on this bill which is we want to see Canadian culture improved as a result of the cultural industry in Canada. I certainly would not want anyone to think that was not the direction I was also heading in. I thank the member for his comments in that regard.

The Deputy Speaker: The time for questions and comments has expired.

Mr. Elwin Hermanson (Kindersley—Lloydminster): Mr. Speaker, it is a pleasure to speak to Bill C-31, an act to amend the Canadian Film Development Corporation. I am rising to voice my opposition to this bill. It will encourage state intervention in what should be a naturally evolving and privately funded industry. I will begin by speaking broadly.

Culture cannot be bought. It is something which exists because people practice it. They live it. They are it. It cannot be artificially created or preserved by the state. All cultures thrive, evolve and change naturally as the wishes and practices of the people change.

Although a young country, Canada has a culture and it is one to be proud of. We need to define what that culture is. Reform has taken a swipe at identifying some components of Canadian culture.

We believe that Canada's identity and vision for the future should be rooted in and inspired by a fresh appreciation of our land and the supreme importance to our well-being of exploring, developing, renewing and conserving our natural resources and physical environment as a part of culture.

We believe the people of Canada are this country's most valuable resource. The nurture and development of human knowledge, skills and relationships are the keys to full participation in the knowledge based service economy of the 21st century.

We believe the creation of wealth and productive jobs for Canadians are best achieved through the operation of a responsibly broadly based free enterprise economy in which private property, freedom of contract and the operations of free markets are encouraged and respected.

Furthermore, we believe in the value of enterprise and initiative. Governments have a responsibility to foster and protect an environment in which initiative and enterprise can be exercised by individuals and groups.

Looking at Bill C-31, it reminds me of an old tax incentive program. I believe it was introduced by the Liberals, but maybe it was the past Conservative government; sometimes it is hard to distinguish between them. It was a research and development tax credit scheme. All of us believe in research and development and we want to promote that, but this scheme attracted a number of con artists. It was a fiasco. The design of the program caused the loss of millions and millions of tax dollars because it was not properly handled. It was interfering in what should have been more of a private sector enterprise.

We believe every individual, group, province and region in Canada is entitled to fundamental justice. Fundamental justice entitles the people of each region to benefit equally without discrimination from participation in Confederation and from the programs and expenditures of the Government of Canada. There is some doubt as to whether Bill C-31 in fact would be broadly based across the country and allow equal access by all Canadians.

To repeat what I said, Canada although a young country has a culture, one we should be proud of. It includes peacefulness, fairness, compassion, excellence, tolerance, initiative of spirit, an appreciation of the arts, in spite of government red tape, high taxes and inefficiency.

Any attempt to artificially interfere with the natural progress of Canadian culture is destined to become just one more failed attempt at social engineering. It is certainly not the role of government to dictate what the culture of the population will be nor is it appropriate for the government to interfere on the edges as is the case with C-31.

Much apart from the fundamental issue of state intervention within society, the bill itself has some significant problems. The loan guarantees this bill would provide will diminish the opportunities that would allow new, innovative and evolving cultural enterprises to break into the market.

Under this bill loans would likely be guaranteed to the healthiest existing companies. This will have the dual effects of entrenching the existing players in the market, thereby establishing an elitism within the industry which will hinder change and growth within the industry, and creating an industry that finds itself increasingly out of sync with mainstream Canadians.

(1650)

Not only would this bill have a detrimental effect on the cultural industry in Canada but there is nothing to suggest that loan guarantees are required. For example, the motion picture industry in Alberta has had a 360 per cent increase in productions over the past few years without federally funded guaranteed loans. The results in B.C. are similar.

These examples prove there is no requirement for guaranteed loans at all. This bill is unlikely to have an impact on regions with fledgling industries like Saskatchewan. It is not that I support this type of funding for regional development purposes, but not even the regional development argument can provide a

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pretence of defence for Bill C-31. One might question whether this bill is another of the government's special interest payouts.

Furthermore there has been a trend in Canada for more jointly funded projects involving Canadian and international organizations. Canadian culture can thrive in the private market and has demonstrated it can do so. One such example is the filming of the Clint Eastwood movie "Unforgiven". It was filmed in Fort MacLeod, Alberta. The venture involved many Canadian production companies, one of which won an Academy award for set design.

Many Canadian television programs have gone into syndication as a result of partnerships with international agencies. There is a list of Canadian companies which have prospered without federal loan guarantees through this kind of international co-operation. They include: Alliance Communication Group; Paragon Entertainment Corporation; Accent Entertainment; Astral Communications; Cinar Group Ltd.; Nelvana Ltd.; Atlantis Media Group; Power Pictures Corporation; Post-Production Buzz Inc. These are but a few.

These companies are testament to the fact that Canadians can compete and thrive in the entertainment industry without government interference. It is these kinds of ventures that are going to drive the industry and also be most in sync with mainstream Canadian culture.

Art and culture for its own sake as an industry has its place in generating economic growth, but it is not the kind of thing we should be looking at to lead an economic recovery and end unemployment woes for Canadians. This government is constantly telling us, the media, the public, and anyone else who will listen that its priority is jobs. This bill will have no effect on unemployment. It may make job creation more difficult if the government has to shell out money to cover defaulted loans.

Some people may be looking to make political mileage by smearing our position on Bill C-31 and will say that there is a Reform bias against culture. That is clearly not the case. We want to remove all government barriers to the promotion and growth of Canadian culture. We do oppose government handouts to business, even the business of culture.

We take the same line with cultural organizations as we do with all businesses and special interest groups; that is, you cannot expect to get grants, loan guarantees and tax holidays from the government indefinitely. All special interest groups should raise money from the people they claim to represent or they should have a project that is viable enough that the bankers will lend them the money.

There are many examples of where we would reduce funding for these groups in the spending plan we published during the last election campaign. Our zero in three package outlined very clearly that business and special interest groups of all kinds would have to expect less from government in the way of grants, loans and loan guarantees.

There are some significant omissions in this bill, especially where issues of loan criteria and repayment details are concerned. Many people in the industry have very grave concerns that nepotism is rampant within some of these organizations. Many projects are funded on the basis of who knows who and family relationships rather than on artistic merit and economic potential.

The bill omits all explanation of repayment terms. If the government is backing 85 per cent of the loan and the loan defaults after partial repayment, is the government portion considered to be paid off first? Is the government liable for any of the interest on the loans when it backs over 50 per cent of the value? If not, what is the incentive for the banks to ever accept any less than 15 per cent of the risk?

It appears this bill was thrown together in a hurry, probably at the request of special interests, without completely thinking through the implications of such loan guarantees. I guess the details will be supplied later, but it does make us question the wisdom of supporting such a bill.

Voting for this bill and many others like it would be like co-signing on a loan when one's account is \$520 billion in the red. I would not like to be considered as an accomplice to that crime against our future generations.

(1655)

Another concern is that this program will encourage the government to underwrite those projects that would not ordinarily have been considered as an acceptable risk. That means the default rate is likely to be significantly higher than the current one which, by the way, is very low. If this happened, it would seriously hurt the reputation of the industry which has been steadily improving over recent years. As it stands, only those projects considered viable receive funding. That seems to be a reasonable place to set the standard for funding.

I said it once and I will say it again: You cannot buy culture. All you will get for trying to do so is a whole lot of debt. If the original idea behind this bill was to build a cultural future for the next generation, it will succeed in a small way. It will help to build a culture of high taxes and crippling debt. It will contribute to a society that strips away most of a family income to pay interest on a debt the previous generation ran up. It will create a culture that exists with no government services, no safety nets or social programs because most government revenue will be going to debt financing. This will be a country with massive

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unemployment since no investment capital will be forthcoming to a nation in such a financial mess.

This culture of debt and poverty is not the kind of Canada I want to create for the next generation of Canadians. That is why I must oppose this bill and all bills like it. The accumulation of many bills which spend tax dollars unwisely is the reason we have accumulated such a huge debt to this point in our history.

It is time for government to carry out its most pressing responsibility and let the private sector do the same in its area of expertise, namely the marketplace. This bill encourages rather than discourages state participation in the marketplace. It is likely to increase rather than decrease government spending. It is likely to discourage rather than encourage new, innovative and emerging firms from entering the industry. It perpetuates the idea that a nation's culture can be designed by a select few and artificially preserved by the state.

As a final concern, this bill was only tabled in the House on May 26. Without adequate time, it has been brought forward for debate on second reading. Over one weekend our caucus has had a limited amount of time to study this bill, to discern its implications. As we look into it initially, we have some grave concerns about the wiseness of supporting such a bill. We will be reviewing this bill in detail in our caucus.

We are trying to slow down debate on this bill to give it some second thought so that this House can make wise decisions in the way we are putting the taxpayers' dollars on the line in loan guarantees. After all, it is the taxpayers we represent and in the final account they are paying the bills we run up.

Mr. Julian Reed (Halton—Peel): Mr. Speaker, my hon. friend seems to have a philosophical thing about state intervention. It was a major theme at the outset of his speech. I hope he will express the same views to his agricultural constituents, the farmers in this constituency. I hope he will express the same ideas on the formation of the auto pact. I hope he will express the same thing to his business constituents on the small business development corporation, or with the oil patch on the tax investments and the uncollected tax. There is the aircraft industry too. I could go on and on.

Canada has had a history of a mixed economy. There are many good reasons for it. One of the main reasons has been the size of the elephant we sleep with to the south of us. It has been considered necessary from time to time not with any ideology in mind but from a practical point of view to deal with issues as they have arisen.

State intervention is not new. I am surprised the hon. member is treating this as if it were some kind of new conjuring. It is not new. I am a little older than the hon. member. Maybe the hon. member does not remember the difficulty Canadian musicians had in being heard and the almost impossibility of getting

Canadian productions over radio until the CRTC came into the picture. And that was state intervention too, I should say.

(1700)

Look at what happened. Look at the result. The result of that investment is that all across Canada, whether it is in French Canada or English Canada, there is a thriving music industry today. It largely came about because those people, those performers and creators, for the first time were able to have their music heard in a large forum.

My hon. friend says that the business of granting loan guarantees will create an elitism. I respectfully suggest to him that this kind of intervention will prevent elitism. If investment money is only going to go to the strongest, the survival of the fittest, that to me is elitism. It seems to me that one of the functions of these loan guarantees is to prevent that.

Finally, I would suggest to the member that in spite of the fact that he has tried to create this illusion, this is not new money we are talking about here. This is a redirection of money. We are not adding to or increasing the deficit.

I suggest that he take those things into account.

Mr. Hermanson: Mr. Speaker, it is with real pleasure that I respond to the hon. member's concerns and also his questions.

First of all, he is absolutely correct. I do come from an agricultural riding that depends on agriculture, small business and the production of oil. I might tell the hon. member that in our agriculture policy we clearly discuss with producers how we might save taxpayers' dollars, how we might become more efficient in the defence of the industry of agriculture without spending more money but in fact spending less, and how we would not justify spending for agriculture in areas unless they be beyond the control of producers. I would suspect that Bill C-31 does not affect film producers or the film industry in areas beyond their control.

I heard from small business that they want an end to grants and tax concessions, loan guarantees. It is not fair. If I do not happen to be the beneficiary of the program then I am paying my taxes for someone who is the beneficiary of the program. I may go out of business trying to pay the taxes to keep my competitor in business. It is a very unfair appropriation of tax dollars, whether it be in the form of grants or in the form of loan guarantees or whatever. It is a distortion in the marketplace when what helps Peter is paid for by Paul and many times they are in the same industry.

I know I have the support of small business in my concerns with this bill. The oil industry, by the way, has similar concerns. I have spoken in this House about the foolishness of spending millions, billions perhaps, of taxpayers' dollars on megaprojects such as Hibernia when we are not sure that they are fundamentally sound projects.

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The marketplace has a very good nose for sniffing out where investments should be made and where they should not be made and government has a notoriously bad reputation for being able to sniff out what is a good business venture and what is a poor business venture.

I want to respond briefly to the hon. member's concerns over our giant neighbour to the south and the effect that that has on our culture. He mentioned specifically the music recording industry and the fact that radio stations in Canada have to play a certain percentage of Canadian content in their air time. Perhaps it might be even good to review whether that has had a positive effect on the recording industry in Canada.

I spoke some time ago with the general manager of a radio station who felt that this ruling had limited the growth of the recording industry in Canada. He said there were very few recording artists in Canada who had ever made it until they made it big in the U.S. Because of some of the restrictions in our recording industry they tended to leave the country and become Americans rather than maintain their allegiance to and close association with Canada.

(1705)

It is not true in all cases. We certainly have many recording artists in Canada whom we are very proud of. There is some doubt as to whether or not this Canadian content rule has been a blessing or a curse to the Canadian recording industry. In some ways it has suppressed the industry rather than assisted it. I guess time will tell. We certainly do not have tons of testimonials to be proud of. Even today most Canadian recording artists do not make it big in Canada until they have made it big in the U.S.

We have to be looking at our own confidence and the fact that we do not consider someone to be of any value because government dollars go to support them. We expect and measure value based on the saleability of what is being produced for us. That is the true measure of quality and the true measure of culture in Canada.

Mr. Ian McClelland (Edmonton Southwest): Mr. Speaker, I am going to take just a little different approach to this than my hon. colleagues who preceded me on both sides of the House.

I think that we have to look at this in reality as what it is and not be ashamed of it. It is an infrastructure program for the film industry. We should not be ashamed of that. If you look at every film industry in the world, save the United States or India perhaps, there is a good deal of government intervention in the film industry of one kind or another.

We are trying with this particular bill to make the intervention that we have in our film industry work a little bit better.

The film industry in Canada, as other members have mentioned, because we are so close to the United States with its ever pervasive influence in our culture, is particularly important because our sense of identity as Canadians, as we all know, is very much wrapped up in the reflection of what we see of ourselves when we are watching television. Much of our sense of Canadianism or what it is to be a Canadian we take from what we see on TV every day.

In the expanding universe of television of 500 channels of the future, when you see people up north living a nomadic or semi-nomadic existence in the barren lands of Canada watching Detroit television, you think: "My God, what kind of vision are we reflecting of ourselves as Canadians". Television and film production to Canadians reflects the kind of people that we are or would want to be. That is of particular importance.

We have to break this bill into two separate issues. One is television and the production of film for television. The second is the production of feature films. All of the infrastructure money in the world or loan guarantees in the world is not going to make one iota of difference in the feature film industry if you cannot get your feature films on to the screen and all of the screens in Canada are controlled by Odeon and Paramount out of Hollywood.

We have to look at this in two very distinct and very real approaches, one being feature films and the other being television. Canadians have had a good deal of success in producing television indigenously here in Canada.

I draw hon. members' attention to this interesting fact. We have the CBC in English Canada and Radio-Canada in Quebec. In Quebec the CBC has far more viewership per capita than the CBC in English Canada despite the fact that we spend more money on television in English Canada with the CBC. I submit that the reason for that is the French CBC has far more indigenous programs, far more programming that originates in Quebec.

In English Canada if you look at CBC's primary productions on any evening, what is it? It is a repeat. I know I am getting into the CBC thing again, but prime time viewing on CBC is all rerashes of American programming.

(1710)

If we really want to do something about feature films and particularly made for TV production in Canada, our national carrier in English Canada should be carrying a lot more Canadian originated TV production.

That leads us to the question of public money, financing and how you get it to how do you get money into the hands of entrepreneurs that want to do a movie for TV or feature film. I am 100 per cent behind our caucus position. We do not have the right to take money from future citizens of Canada, children yet

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unborn, to give to people today so that we can live better today than we should.

As an hon. member mentioned earlier, when we start weaning our economy from government dependence, we have to wean our economy slowly. We have to wean the whole economy, not just one sector, away from dependence on government grants and handouts.

This industry is no different than any other industry. It has to work on its own independent of government financing. How does it go about doing that? One way would be to relax the rules whereby people could get public equity participation in a movie.

Imagine how difficult it would be with an intellectual property if you go to a bank and say: "I'd like to finance this movie". When you show the script, you are asked: "Where's the bricks and mortar?". You say there are no bricks and mortar.

The information highway, computer programs and software are not bricks and mortar either. Somehow we have to allow our entrepreneurs to get money from people who are putting hordes and hordes of money into RRSPs to invest in ideas in this country.

The only way we are going to be able to do that is to relax the rules in our corporations act so that people are able to invest in a movie production. Yes, it would be extremely high risk but the rewards would be there.

I do not think we can say this is all one way or all another. I agree 100 per cent with my colleague who said earlier that we should not be using government money to finance any private venture. The minute you start using public money in a private venture it is no longer a private venture. It is a public venture.

On the other hand it is particularly important that we in Canada support our cultural industries particularly our made for television movies because TV is so much a pervasive part of our day to day lives. We see ourselves reflected back from TV with a sense of value as to what it is to be a Canadian.

If everything we see on television is imported from some other part of the world it is going to be even more difficult to get a sense of Canadianism, to be together as a nation.

I would like to see us import more of the films done in Quebec and dubbed into English and vice versa. Perhaps that would be a way to start getting some communication going back and forth.

This is in some ways a difficult bill for our caucus to wrap itself around because of the involvement of public and private money but I think on balance it is worthy of support. Again, it is not new money. It is a realignment of present moneys. Telefilm must be more sensitive to the regions and more accessible to producers outside Montreal and Quebec, Toronto and Ontario, but I understand that it is working in that direction.

We need access to big screen television for our feature films. We have got to break the monopoly of Paramount and Odeon to get our feature films on to our own screens.

(1715)

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

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to, bill read the second time and referred to a committee.)

* * *

EXCISE TAX ACT

Hon. David Anderson (for the Minister of Finance) moved that Bill C-32, an act to amend the Excise Tax Act, the Excise Act and the Income Tax Act, be read the second time and referred to a committee.

Mr. David Walker (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I rise to move second reading of Bill C-32. This is an important bill which will give legislative effect to excise and income tax changes announced over the past four months.

The primary purpose of the bill is to implement a range of measures related to tobacco taxation that were developed to combat the very serious smuggling problem facing Canada. These measures were announced in the House of Commons by the Prime Minister on February 8, 1994 and form an integral part of the government's national action plan on smuggling.

The legislation includes, among other things, first a national reduction in the federal excise tax on tobacco products equal to \$5 per carton of 200 cigarettes, \$5 per 200 tobacco sticks and \$5 per 200 grams of fine cut tobacco as well as a reduction in the ad valorem rate for cigars to 50 per cent.

Second, additional reductions in the federal excise tax on tobacco products marked for sale in a particular province where the province has reduced its provincial tobacco tax.

Third, an excise tax on tobacco products for export with exemptions for legitimate exports for consumption outside Canada.

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Fourth, a health promotion surtax that would increase the rate of federal tax paid by tobacco corporations under tobacco manufacturing and processing profits.

The bill also contains changes to the air transportation tax and the goods and services tax that were announced in the budget of February 22, 1994. These changes are intended to improve the fairness and efficiency of the tax system and to raise revenues. The measures undertaken in this respect are:

First, changes in the structure of the air transportation tax to reduce the tax burden on short-haul domestic and transporter flights and to recover a greater proportion of the cost of air facilities and services provided by Transport Canada.

Second, a reduction in the goods and services input tax credit for eligible business meals and entertainment expenses to better reflect the personal consumption elements of these expenses.

I would like to turn specifically to measures to address tobacco smuggling. There was a dramatic increase in tobacco smuggling in 1992 and 1993. Strong evidence indicated that most Canadian tobacco products that were exported to the United States on a tax and duty free basis were smuggled back into Canada and sold illegally without payment of federal and provincial taxes.

By the end of 1993 these contraband products accounted for about 40 per cent of the total domestic tobacco market and represented a revenue loss to the federal government of more than \$1 billion and an additional loss of \$1 billion to the provincial governments.

The impact of tobacco smuggling goes far beyond the financial costs and the negative impact on the government's ability to deliver needed programs and services. Even more troubling are the social costs associated with the contraband trade. With up to 95 per cent of the contraband tobacco market controlled by organized criminal elements, law-abiding wholesalers and retailers were forced to watch as their legitimate business interests gave way to a climate of increased violence and lawlessness. The proceeds from tobacco smuggling were being used as the foundation for further criminal activity.

(1720)

The social costs associated with tobacco smuggling are equally troubling from a health perspective. Increased market penetration of cheap contraband tobacco effectively reduced the average price paid for cigarettes and undermines the government's health policy objective of reducing tobacco consumption, particularly among youth.

To respond to these very serious problems the government announced a comprehensive anti-smuggling initiative on February 8, 1994. Within the framework of this national action plan both the RCMP and Canada customs have undertaken increased measures to disrupt the contraband trade in tobacco and other products.

These organizations have been assigned substantially increased resources in terms of both personnel and technical equipment and are deploying these resources to intensify surveillance and detection along the Canada-U.S. border and to more effectively target organized smuggling networks.

To facilitate the increased enforcement efforts the anti-smuggling initiative includes a national \$5 reduction in federal excise taxes on tobacco products. This reduction narrows the price differential between contraband and legal tax paid on cigarettes across Canada, thereby weakening demand for contraband and reducing the incentive to smuggle in all provinces.

Recognizing that the smuggling problem is more pronounced in some parts of the country, the government has extended an offer to match any provincial tobacco tax reduction in excess of \$5 up to a maximum total tax reduction of \$10 per carton of 200 cigarettes. This bill implements the federal tax matching reductions in response to provincial tax reductions undertaken in Quebec, New Brunswick, Ontario, Prince Edward Island and Nova Scotia.

The government is very concerned that tobacco corporations not derive any benefit from the difficult decision to reduce tobacco taxes. Toward this end the bill imposes a new health promotion surtax that will increase by 40 per cent the corporate tax rate in respect of tobacco manufacturing and processing profits. This surtax will apply for a three-year period and will be used to fund the largest anti-smoking campaign in the history of the country.

In response to the role that export shipments have played in the contraband market, the bill reimposes an excise tax on exported tobacco products. An export tobacco tax equal to \$8 per carton of 200 cigarettes is designed to more closely control export shipments and prevent any recurrence in the level of shipments that would effectively supply the contraband trade. At the same time the bill makes adequate provisions for manufacturers to undertake legitimate export shipments intended for bona fide consumption outside of Canada.

In addition to these direct changes to excise and income taxes, the bill also contains a number of related measures that are designed to complement the new tax measures and ensure their long term effectiveness. At the time the national \$5 reduction in federal excise taxes was announced, the government wanted to ensure that the reduced rates of tax were immediately passed on to consumers at the retail level, complementing enforcement measures by weakening the demand for contraband tobacco products.

Consequently the government has undertaken to pay a full inventory rebate to all wholesalers and retailers in respect of their inventories of tobacco products on February 8, 1994. Where federal excise taxes are further reduced to match a provincial tobacco tax reduction, wholesalers and retailers are eligible for an additional inventory rebate to the extent that their inventories of cigarettes exceed a certain threshold amount.

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The use of threshold levels is designed to protect the interest of those persons holding large inventories of cigarettes while limiting the government's total fiscal exposure.

(1725)

Administration of the rebate program is being conducted by Revenue Canada and is already well under way with retailers and wholesalers from across the country filing their inventory rebate claims and awaiting payment of the appropriate amounts.

Inventory rebates cannot be paid however until such time as this bill which provides the Minister of National Revenue with explicit legislative authority to issue amounts in payment of inventory rebate claims is approved by Parliament and receives royal assent.

Ensuring that retailers and wholesalers receive these amounts as soon as possible is one of the main reasons we are attaching such a high priority to the bill. In view of the variable federal tax reductions undertaken by the federal government in response to specific provincial tax reductions, the bill contains provisions that are designed to ensure payment of appropriate federal excise taxes and also to deter any interprovincial diversion of tobacco products.

First, the bill provides for the collection of federal excise tax differential where tobacco products marked for sale in one province are sold for any purpose other than personal consumption by a consumer in that province. Thus if a wholesaler or retailer sells products to a person in another province, the seller will be required to pay an amount equal to the additional federal excise tax that would apply if there had been no provincial tax reduction.

Second, the bill contains provisions making it an offence subject to a fine for any person to sell or offer for sale tobacco products marked for sale in one province to a consumer located in another province. The amount of the fine is set at no less than \$1,000 and not more than three times the additional federal excise tax that would have applied to the tobacco products had there been no provincial tobacco tax reduction.

The combined effect of these two measures will be to substantially impair the potential for interprovincial diversion of tobacco products from low tax jurisdictions. While the collection of the additional federal excise tax can be enforced immediately, the offence provision cannot come into force until such time as the bill receives royal assent.

Also in response to provincial tax reductions, the bill contains provisions to deal with the sale of unmarked tobacco products on Indian reserves in Ontario and Nova Scotia. Both these provinces require that tobacco products sold on reserve free of provincial tobacco taxes not be marked. Matching federal tax reductions on the other hand are based on distinct provincial markings.

To reconcile these different marking requirements and to ensure that unmarked tobacco products sold on reserve to Indians in Ontario and Nova Scotia are taxed at the reduced federal rates that would otherwise apply to marked tobacco products in each province, the bill contains provisions that allow for the sale of unmarked tobacco products at the reduced rates of federal excise tax to specially licensed wholesalers and retailers in each province.

Finally, the bill amends the fines in the Excise Act for possession or sale of tobacco products on which federal taxes have not been paid. Because these fines were based on the previous rates of federal excise tax, this amendment is necessary to maintain the fines at their former minimum and maximum amounts.

These proposed legislative amendments are a very important part of the government's action plan to combat tobacco smuggling. Together with increased enforcement, these measures form an integrated approach that provides the foundation for a long term solution to the smuggling problem.

I would like to turn to other measures in the legislation, the air transportation tax. Bill C-32 also implements changes to the air transportation tax announced in the federal budget of February 22, 1994. The structure of the air transportation tax is being altered to reduce the tax burden for short haul, domestic and transporter flights and to recover a greater proportion of the cost of air facilities and services provided by Transport Canada.

To reduce the tax burden and short haul, domestic and transporter air travel, the current \$10 flat tax component will be reduced to \$6.

(1730)

This measure addresses the concerns expressed in recent years by carriers providing short distance air transportation services to smaller communities that the tax places too heavy a burden on short distance travellers. To enhance the cost recovery with respect to air facilities and services the maximum air transportation tax on domestic and transborder air travel is to increase from \$40 to \$50. The tax on international travel is also increased from \$40 to \$50 where the transportation is purchased in Canada and from \$19 to \$25 where the transportation is purchased outside Canada for travel to Canada.

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These new rates apply to tickets purchased outside Canada that include an international departure from Canada on or after May 1, 1994 except where the tax has been paid prior to that date and to tickets purchased in Canada on or after May 1, 1994.

A third measure relates to the goods and services tax. The bill also contains an amendment to the goods and services tax. As announced in the February 22 budget, the portion of the goods and services tax paid on business meals and entertainment expenses which may be recovered as an input tax credit is being reduced from 80 per cent to 50 per cent.

This change will better reflect the personal consumption element of these expenses and is consistent with the reduction in the income tax deduction for business meals and entertainment expenses from 80 per cent to 50 per cent. The reduced rate will apply to expenses in respect of meals and entertainment consumed or enjoyed after February 1994.

In conclusion, Bill C-32 is an important bill. It enacts a number of measures related to tobacco taxation that will make a very important contribution to eliminating smuggling as a significant national problem, as well as implementing other excise tax changes from the government's first budget.

While some of the tobacco related measures have been implemented on the basis of a ways and means motion, two very important measures, the ability to pay inventory rebates to wholesalers and retailers and the offence provisions in respect to interprovincial diversions, will not take effect until the bill receives royal assent. I would, therefore, urge my colleagues to give speedy passage to the bill.

[*Translation*]

Mr. Pierre Brien (Témiscamingue): Mr. Speaker, I will follow up on the last comment of the government's representative. It is obvious that people will receive no refund until the bill is passed. Let me explain.

Bill C-32 proposes legal measures resulting from the announced decrease in taxes on tobacco products. Some storekeepers had inventories for which they had paid the higher amount and most of them have had to absorb the cost of that decrease in taxes, except those who had 5,000 cartons of cigarettes or more for example. It is those people who would now receive inventory rebates.

This is what the parliamentary secretary was talking about when he said they would not receive any inventory rebate until the bill is passed. That being said, I do not think this is reason enough to rush this bill which contains many elements.

There is no need to remind you of the improvisation and confusion that surrounded the implementation of the action plan against smuggling. It was difficult to convince some provinces to join in; I am sure my colleagues from the other side remember

it quite well. Toward the end of the process, many steps were taken just to please them and to ensure a greater consensus.

And now, as is often the case, the necessary measures are presented to the House in an omnibus bill. One of these measures deals with transportation. The government probably thought that this plan against smuggling would pass easily since it had been requested from the very beginning of the session. They thought that members of the Bloc Québécois would support it, and that they could, discreetly, try to add something a bit more controversial, something dealing with air transportation.

I will come back to this measure which, at first glance and if we do not get satisfactory explanations in committee, might rattle somewhat the Official Opposition.

(1735)

Let us come back a bit to the smuggling phenomenon. How did it happen? Everybody remembers how widespread it had become. There had been a relaxed attitude about it for years. To give you an example, in my riding of Témiscamingue, which is not in the Far North, but north of the main urban centres, it took a while before smuggling arrived. But last year it was amazing to see how easily smuggling networks had taken over. They provided a form of service which, up to a point, could be seen as a model of efficiency. They had home delivery. Customer service was exemplary, and the networks controlled two thirds of the tobacco market, which is enormous.

It took a long time before we could make the government do something. It was only after the federal government realized that it was maybe losing a billion dollars a year that it decided to act. It also took many demonstrations. You probably recall the MATRAC in Quebec which openly defied the government and the RCMP. It organized demonstrations, highly publicized and largely covered by the media, to sell cigarettes to the public at prices that even smugglers could not match. These small business people have been the big losers over the last three or four years.

Of course, there were winners. Everybody involved in smuggling made money out of it. We can even say that consumers who bought tobacco products on the black market benefited from it and the companies which manufacture these products have certainly not seen their sales drop.

In the last few years, cigarette prices were on the increase. Governments had decided to use price as a deterrent to curb the use of a product which had harmful effects on consumers' health. We were certainly not in favour of dropping cigarette prices in order to increase consumption. Far from it! That never was a motive of ours. On the contrary. We always maintained that such a measure had to be accompanied by an active education campaign on tobacco use—the effects of which were

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known—but what was needed then was perhaps a more convincing anti-smoking campaign.

Thanks to smuggling, tobacco products had become very cheap and easily accessible to just about anyone due to the extent of the distribution network. In my riding, smuggled cigarettes could easily be found in high schools and CEGEPs. They were quite visible. You will remember that, at one point, the government had thought that, by having different packaging for export, it would solve the problem, and that people would be embarrassed to be seen with them, but such was not the case.

I remember that during the Christmas break, when I met with friends in public places, I would for the fun of it check the number of smuggled cigarette packs on the tables, as opposed to legal ones. Many people had bought cigarette cases in which they hid their smuggled cigarettes; I would say that every other package was smuggled.

It is estimated that cigarette smuggling accounted for 40 per cent of the market in the Atlantic provinces, over 60 per cent in Quebec; that is a lot. In Ontario, it was 35 per cent and 15 per cent in Western Canada. Those were the statistics just before the government took action. It means that the problem has spread from east to west, and that it is still relatively minor in western Canada where provincial governments have not had to take the same measures as Quebec, Ontario and three Atlantic provinces to curb this problem which has not yet taken hold there. I am not certain though that they will be immune from it much longer.

Ottawa is an important player in all this, because multiple jurisdictions were involved and things had to be done on protected territories; smugglers used tax-free zones to get their goods through. They even used some protected areas to establish warehouses. The federal government, which had jurisdiction over that, had to intervene. Originally, this was seen as a very local problem concentrated in the Montreal area. The problem grew and finally was seen as a provincial problem, but here in Ottawa, it was perceived as a regional problem. After the election, every weekend that I went to my riding, people spoke to me about the size of this phenomenon and I can tell you that I heard a lot about it during the election campaign.

(1740)

My riding is close to Ontario, separated from it only by a lake. Because Ontario did not follow the federal plan, I can tell you that there was tremendous pressure on the Ontario side; many people crossed to our area to buy packs of cigarettes legally in our stores, since the tax where they lived was higher. A sort of negotiation went on before Quebec, Ontario and the other provinces came up with a joint plan, because clearly it would not

be effective in the long run if everyone did not come on side or the provisions were not acceptable to all.

I told you that that market had become too big, Mr. Speaker; let us look at estimates of the contraband market from the departments of Finance and Revenue. In 1993, 2.1 million Canadians consumed 90 to 100 million cartons of smuggled cigarettes, with a retail value of \$4.5 billion. That is awful. Of course you can tell me that this problem has been partly solved. Yes, partly; we must say that the plan has been very effective in some respects. Lower taxes strongly discouraged the whole market and the underground economy related to it. We must learn lessons from that. There are some things to keep in mind.

I was just telling you that price was used to deter or strongly discourage people from consuming that kind of product. It has to be done but we must also know the limits of such a system, in that we cannot enforce it or do the legal follow-up, due to all sorts of problems that we know very well.

In 1988, cigarettes were \$25 a carton. From 1988 to 1993, in the matter of five years, during a period when, let us not forget, Canada had a strong anti-inflationary monetary policy—which it is still pursuing—and inflation was low, the price per carton went from \$25 to \$48, a \$23 increase. That is a substantial, almost a 100 per cent increase. All the while, the price of cigarettes remained constant in the United States.

There were some exports, because Canadian companies do export to the American market, although not all that much. But all of the sudden, exports to the United States increased phenomenally. It took us some time to realize that these goods were making their way back into Canada to be resold here. Domestic sales were dropping, while exports were skyrocketing. That was proof, obvious proof, that something was wrong.

We dragged our feet and dragged them some more. We did not use the legal measures available to us at the time to exercise control over this situation, which eventually deteriorated to the point where we had no other choice but to cut taxes. Now, we end up with a less than positive product, in fact one which is harmful to your health, being easily accessible at a cut price on the market. You can change the colour of cigarette packs and change the packaging any old way, price remains the main disincentive. We must admit that prices, being as low as they are, if they are not a major incentive, are not much of a disincentive either. We must be well aware of that. This is not a product we want to promote.

I can remember the Prime Minister saying these measures would only be temporary. The bill says very little on the subject, and I cannot blame its authors for not wanting to make their intentions known just now, but it might be interesting just the same to know a little more about the cigarette price increases planned for the next few years.

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(1745)

That is why this bill, because of some aspects I will address in a little more detail, raises questions we have the right to ask in committee and to examine with experts in the field and with the people involved. It is not true that, because we waited two months for the bill to be tabled, it will go through quickly because we are told we must now quickly repay the retailers who had large inventories.

Why are they concerned about it now? They were not at the time. They wanted one month and then two months. Why all of a sudden, just as they are introducing a transportation measure that may be controversial? Let us look at this plan which was announced in this House by the Prime Minister. His plan had several elements. The first dealt with law enforcement, which would clearly have been insufficient by itself, but it was a global plan to increase the number of customs and RCMP officers. They were supposed to hire 350 extra customs and Revenue Canada employees. Increasing control measures was one element of the plan.

The second element was to reduce tobacco taxes. The federal government reduced federal taxes by \$5 plus an extra dollar depending on what the provincial governments did. In the case of Quebec, for instance, this allowed for a \$11 cut. The Quebec government reduced taxes by \$11 and the federal government by \$10. Federal taxes were limited to \$10 per carton.

We also implemented measures concerning tobacco-product manufacturers. Under pressure from the Government of Ontario, towards the end when it seemed very reluctant to get involved in this process, an export tax of \$8 per carton was introduced. This tax or this kind of tax had been tried a few years before and turned out to be so inefficient that we had to retreat a few months later because of the powerful lobby of the manufacturing companies that threatened to move their operations abroad.

They now seem to be telling us that this measure could be implemented. Whenever they talk to us about it, they always talk about a tax of \$8 per carton. What they forget to tell us is that, in fact, it will apply very rarely since estimated production before smuggling, that is the first 3 per cent of production sold abroad, including on the U.S. market, will not be subject to this tax. Its only purpose will be to prevent exports from coming back into the country.

It would be interesting to make a more in-depth review of this bill in committee, to look at its merits and to see if it is merely a show-off to comfort some who thought that this measure alone would be sufficient to eliminate smuggling. A promotion surtax was also included, a surtax on profits made by tobacco companies which was to be invested in a campaign for the promotion of health. I will come back to this, which was the original inten-

tion. However, these measures are not part of the proposed legislation today.

There were also measures against tobacco consumption, including regulations to limit access to vending machines and other similar measures designed to deter people from smoking. This was the initial plan. Now, we have this bill. The first part of the legislation, which specifically concerns the fight against smuggling, contains a series of measures. As I recall, there are eight of them.

As I said earlier, there is also a reduction in the excise tax, which means a reduction in the price, since the GST applies to the excise tax and the amount of GST on that tax is reduced. This is one aspect. There is a further reduction for provinces willing to go beyond a certain amount, as is the case for Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island. As far as I know, this is an option which remains open to other interested provinces. This is the type of issue for which we would like to get answers when the Standing Committee on Finance will look at this legislation.

There is also the imposition of an excise tax and offence provisions that apply where tobacco products taxed at a reduced federal excise tax rate in one province are diverted to another province.

(1750)

We are trying to put an end to some illegal activities carried out this time by well known and registered retailers, who make up another kind of smuggling ring.

Another provision in this bill ensures that unmarked tobacco products sold to Indians on reserves in Ontario and Nova Scotia are taxed at the same reduced federal excise tax rates as marked tobacco products sold to other consumers in those provinces. There is nothing wrong with this provision.

There are also provisions for rebates of excise tax paid on tobacco products in stock when federal excise tax rates were reduced. I want to lay emphasis on this last issue, because it means that the government will compensate retailers who had tobacco products in stock at that time, who had bought the products at the old price and now have to sell them legally at the new price.

Since the new price is lower than the old one, storekeepers must sell at a loss. Now the government tells them that it is going to compensate them. What it does not say is that it will only compensate retailers with an inventory of 5,000 cartons or more.

In my own riding, I have small retailers, corner store owners, small grocers, and even a distributor who does not have 5,000 cartons in stock. For them, the losses are significant. In Quebec, there has been a \$10 federal tax reduction. That means that a carton now sells for \$10 less.

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A corner store owner who has 50 or 60 cartons in stock stands to directly lose \$500 to \$600. It may not seem like much to you. But these people who have been fighting against smuggling rings for three, four or five years have suffered heavy losses already. And they will suffer even more. They will also be the ones to pay for the plan. Nobody will say it out loud but this is the price they have to pay for the fight against smuggling. Some retailers pay more than others. For an inventory of 1,000 or 1,500 cartons in Quebec, you have only to multiply by ten to know what the losses are. And they are substantial.

We received a great many calls in the days following the announcement of the anti-smuggling plan, especially since the Quebec government chose to compensate all the retailers, whatever their inventory, via its forms and a method it considers rather simple. Thus, the information is available. The information is not impossible to find. It exists and it is available, and we could have agreed to use the information that the Quebec government has on the inventories of all Quebec retailers to determine the compensation.

We could have had an agreement. These people who speak almost daily about reducing overlapping almost never act on it. Here they had an opportunity to easily compensate retailers, using the list already established by the Quebec government. But they did not do it.

Since that plan to fight smuggling costs about \$300 million—which would have been higher if we had decided to compensate small retailers also—we ask them to bear a significant part of those costs. I am sure that Liberal members also received complaints from retailers in their ridings. Of course, business went up for many retailers in the days after the plan took effect. Higher tobacco sales helped make them accept a measure they never liked.

But nevertheless, it is a blatant injustice for them. Of course, we could say that they sometimes win when there are small tax increases, but they never get such a break all at once. Although many retailers had reduced their inventory because of lower sales due to smuggling, many of them still had a large number of cartons in stock and they had to pay the price. However, the government is not in a hurry to give them a refund. Only those retailers who had 5,000 cartons or more in stock will be compensated. And now the government says: “We have to pass this bill quickly because it is one of our highest priorities”.

But what about small retailers? Are they not a priority for this government? That is a question we have a right to ask. I will not elaborate any further on the sixth measure because I am certain that, at committee stage, some people will come to explain to government members the impact that this measure had on their businesses and to tell them what \$1,000, \$2,000 or \$5,000 can mean in a year to a small convenience store. God knows we have many of them, and all kinds of other stores where cigarettes are sold, like drug stores, and food stores that have somewhat larger inventories and that suffered substantial losses.

(1755)

In that regard, it would take much more specific reasons to justify the arbitrary figure of 5,000 and the fact that the federal government is not acting like the Quebec government which, while wanting to fight against smuggling, chose to reimburse everybody. It did not choose to make small retailers pay the cost of it.

The seventh measure is an adjustment to the fines applicable for illegal possession or sale of unstamped tobacco products. Of course, these measures are good, if they are applied.

The eighth measure is the imposition of a surtax on tobacco manufacturing profits. That surtax looks good. It looks like it affects the companies themselves. But we must understand that, with the price reduction, it will be very easy for manufacturers to pass the cost of that surtax on to consumers. That is not to say that we should necessarily be against that measure, but the government should be honest and say that this is an indirect way to admit that it has not reduced prices as much as it seems. It looks good to say that manufacturers will pay for part of it, whereas in fact it will be very easy for them to pass this burden on to consumers, especially since no mechanism is provided to prevent that.

The government wanted to look good saying: “See, those who profited from it, the manufacturers, will have to pay their share of the cost of the fight against smuggling”. Except that, ultimately, the manufacturers will have the last word in being able to easily pass it on to consumers.

I would like to come back to another point. I remember taking part in a few discussions or open-line programs where people would say things like: “We oppose that measure because it will be costly, and will have a terrible impact on public health”. I could understand their concerns but, at the same time, I thought and many people thought that the black market had taken on such huge proportions and was undermining public trust in the whole tax system to such an extent that even this measure would not be enough to restore that trust. Tough action was needed to regain control because the distribution networks were very well established. Apparently, those networks are now being used more and more to sell liquor. And the black market racketeers will find other products to sell. Had we left them one more product, because it was a sure market and for all kinds of good reasons, consumers would have felt justified to take advantage of the bargain. A frightening variety of products could have been smuggled through this network.

Those were a few of the arguments served up, that it made sense for economic reasons, but the government understood their point of view and told them that it would clearly define a policy or a prevention campaign in conjunction with that. The government and the Prime Minister himself said that they would invest—the money raised with the surtax—directly in a health promotion campaign against tobacco use. And the Mi-

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nister of Health said the same thing. It pleased her to reassure people by saying the same thing.

In concrete terms, and I am referring to a surtax which could generate around \$200 million in revenue, I am not sure—far from it—that we have seen the effects of such a promotion campaign. If so, I would be interested to know what they are. The best way to assess the effectiveness of something is to ask whether people are aware of it. I am rather close to everything that is going on in government, but I do not really feel the concrete effects of that. People are saying very little to me about it. Professionals from the health field, from regional health offices in my area have asked me: “When will this campaign start? What form will it take?” Their input has not been sought, and they are still waiting.

But we too are still waiting to see which direction the government is going and what the minister of health will do to make sure that she gets the amounts that she has been told she would receive from the surtax. “Directly”, Mr. Speaker, it seems to me that it cannot be clearer. These amounts should be linked to that. Well, it is simple for her, because she has a source of revenue. Now, we would like to know how she will use it.

I want to quote from the speech that the Prime Minister made in this House: “The amounts thus collected will allow the funding of the most important campaign against tobacco ever seen in Canada”. We are waiting. It will certainly be one of the things that are yet to come.

(1800)

There are two other measures in that bill. The first one, probably the less controversial one, was announced in the budget. The government has reduced the income tax deduction for business meals expenses that was claimed by business executives or independent workers. That deduction is reduced from 80 per cent to 50 per cent. The GST will be adjusted accordingly. The GST rebate that was claimed by those people for meals expenses has also been adjusted in the same proportions. It is a minor adjustment. We can argue whether the rate should be 80 per cent or 50 per cent, which was a difficult decision. There are many aspects involved in the budget.

A very interesting study indicated who would be directly concerned by that measure, how they would be and what category of meals would be affected. I am convinced that the authors of the study would be very happy to give explanations to the committee and to examine the impact of the measure in a more detailed fashion in order to see who is affected, who was anticipated to be affected and who will be, because the measure

is now in effect and we are able to know a little bit more. That would be an interesting thing to do.

We are told that we must act quickly, that time is running out and that we must repay retailers who have stocks of 5,000 or more. Some say that the opposition is ungrateful, that it wants to delay the passage of the bill and that it wants to prevent the government from paying retailers back. The question might have been put on the table much earlier if their concern really was as we were told.

The third measure contained in the bill, which comes out of the blues, deals with the tax on air travel.

These objectives were announced: the review of the air transportation tax in order to reduce the tax burden on short haul domestic and transborder flights, as well as to recover a greater proportion of the cost of facilities and services provided by Transport Canada.

Worse, they have the nerve to include short haul flights to smaller communities. Coming from the regions, we are going to examine thoroughly what this means. Right now there is a flat tax. It works like this: you pay a flat tax of \$10 for an airline ticket on the domestic market. Add to this a tax of 7 per cent on the ticket value, up to a maximum of \$40.

Now, they say that they will lower the flat tax to \$6, but that they will maintain the tax of 7 per cent. However, the maximum is raised to \$50. Take the case of a region like Abitibi—Témiscamingue. An airline ticket from Rouyn—Noranda to Ottawa costs about \$525, \$530. Before, the maximum tax was \$40. Today, with the new cost structure, we are talking of \$41.

The objective is to reduce the tax burden imposed on domestic flights, particularly on short-distance flights to smaller towns. We can also go from Ottawa to Rouyn—Noranda. I am told that my tax burden has been reduced with this increase from \$40 to \$41. At the same time, I am told that this measure will give rise to a recovery of \$21 million this year and of \$44 million next year. I am also told that this is supposed to benefit small towns and people living in those towns. I think that the members opposite do not really understand what regional development is all about. I think they did not look at that provision for very long.

The costs are higher in some areas. Sometimes, it costs \$600 or \$700, and it is often more expensive to go from Montreal, Quebec or Ottawa to some areas, in Quebec, than to fly from Montreal to Paris. The upper tax limit on those tickets, which was \$40 before, will now be \$48 or \$50. One might say that it is only an \$8 or \$10 difference. However, it is a lot of money.

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As if deregulation had not hurt enough. It was supposed to have no impact on airfares, but the contrary is now obvious. It is more expensive for me to return to my riding than to go to Paris. It does not make any sense.

It is far from certain that we will let that be passed rapidly. The Minister of Transport is in the House. He should take good note that he will have to explain to us what he really intends to do about this rate structure.

Only flights between \$100 and \$400 will benefit from this measure, that is the Montreal—Toronto and Montreal—Quebec runs or other popular short distance flights. Only those flights will benefit from it.

(1805)

Do not try to tell me that with the structure I have in front of me—unless my information is erroneous, but it comes from the Department of Finance—travellers to the regions and to smaller communities, as it is said here, will benefit from it. Maybe for some, going from Toronto to Montreal is travelling to a smaller community. However, in our region, travelling to small communities would mean going to Rouyn—Noranda, Val—d'Or, Chicoutimi and the like, which we consider major centres. Plane tickets to those places already cost \$600 or \$700 and they will increase by \$8 to \$10, though only by one dollar in my region. I am lucky, the price of my flight to Rouyn will only be raised by one dollar. To go to the neighbouring riding, that of my colleague for Val—d'Or, perhaps I would have to pay \$8 more. Some might say that we do not have to worry much, since the House pays some of our travel and other costs.

Our business people travel, they get around, they have to go and represent their companies. Besides, people often travel for Quebec government departments and go from our region to Quebec City. This will increase operating costs for the other government. All individuals who want to travel by air will have to pay for these costs. As if by chance, this comes in an innocent-looking bill to fight smuggling, we are told. In very small writing, in the second to last measure, not the last one—often we look at the beginning and at the end—we see that there will be changes. The explanatory note in the bill says: “The amendments to the air transportation tax reduce the tax burden on short-haul domestic and transborder flights and shift the tax burden to long-haul flights”.

They forget to make the connection with the price and the tax is related to the price. I could even discuss how this compares to the former system and how it penalizes the regions as well. I think that they were afraid to open this debate for fear that we would show the government members the impact of deregulating air transport on the regions. I am sure that some Liberal members, when they see this, will have trouble explaining it to their constituents. I am thinking of my colleagues from northern Ontario. How come they put up with such a thing?

We will not let this be rushed through. It will go to committee and we will take a thorough look at it in committee. We can work quickly but thoroughly, that is what we will do, but at this stage, with no major amendments, there is no question of the Bloc Quebecois supporting this bill.

[English]

Mr. Ray Speaker (Lethbridge): Mr. Speaker, I very much appreciate the opportunity to say a few words on Bill C-32. One of my colleagues will deal with the excise tax in the area of tobacco. I intend to cover air transportation and the goods and services tax. I certainly will do that in the next seven minutes.

What I would like to say first deals with air transportation tax. We have to deal with the principle that we should pay as we go. We should look at crown corporations and the aviation industry. If we believe there is a sound principle that we should pay as we go and as customers of the service, we should support the tax and the formula that are in place. We should support the fact that the ceiling has now been raised to \$50. We are going to bring in some \$20 million more in the current fiscal year and another \$40 million in the next fiscal year and try to reduce the deficit in the transportation system.

I understand that currently it costs around \$780 million to run the aviation section of the Department of Transport and we take in some \$600 million. There is a deficit. Through this change of policy the minister is attempting to move the program to a point where it is on the basis of pay as we go. We in the Reform Party support that. We feel very strongly about that.

I listened to the Bloc Quebecois member who has just taken his seat make the case that we have to worry about the increased cost of tickets. That is certainly a matter we could worry about but if we believe in the principle that we pay as we go, the sort of welfare dependent attitude portrayed by the Bloc Quebecois member just does not hold water.

(1810)

As Canadians we must start to change our principles and to change our attitudes. It is changing in the nineties. We must move from the attitude of the seventies and eighties where we believed government had to do everything for us. We became dependent on government. We believed government had to subsidize a variety of services that we were using as private individuals, as businesses and as companies.

We have to move away from the 1970 and 1980 mentality of the welfare state and start to move toward a more conservative attitude where people must be responsible for looking after their own welfare. People must be prepared to pay their bills, whether travelling on Air Canada, Canadian Air or any other charter airline in our country. People who wish to travel must make that part of the cost of our lives on a private basis and part of the cost of our business. If we as members of government have to travel

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or if members of the public service have to travel then it is a budgeting cost in this assembly.

The bill is more than a change in policy with regard to increasing the revenue available to the Minister of Transport. We are moving over the threshold in the attitude we have as Canadian governments. I hear it in the House sometimes. I would like to hear it more. We talk about governments being independent, being able to run on their own and being able to pay their way. We are starting to move away from agencies, particularly large corporations or companies that get grants from government and become dependent on government, to a point at which people are more independent in the way they behave, in the way they act and in the way they respect public funds.

That primary principle is starting to expose itself and to become more obvious in this piece of legislation. I certainly commend the minister for supporting it in this piece of legislation. I highly recommend to the government that as we are planning for the 1995-96 budget we should look at ways and means the government can move away from creating dependent circumstance or agencies of government that are very dependent on public funds, to a point where the agencies or in many circumstances the private elements of our society look after themselves.

A primary item the government must look at for the upcoming budget is the Canadian Broadcasting Corporation and the same principle. We subsidize that corporation by \$1.1 billion a year. It is asking in another piece of legislation—and I know I am walking close to the edge of the rules by referencing another piece of legislation—for \$25 million of borrowing power to support its organization. Whether it borrows more money or receives it as a grant from government, the public purse is supporting that agency. It is creating a dependency within our Canadian community and it is wrong.

I highlight that my support and the support of the Reform Party for the section on air transportation tax in Bill C-32 changes a direction and makes the industry more independent and self-sufficient. If we want to move a number of our airports into private management components, I believe this is a start. If we can show—

(1815)

The Deputy Speaker: If the hon. member would excuse the Chair, there was a misunderstanding. The debate goes on until 6.30, not until 6.15. He is entitled to go on until 6.30 or he might wish to yield the floor to somebody else.

Mr. Speaker (Lethbridge): Mr. Speaker, I certainly appreciate the extra time which is available to me in this debate.

The second principle in the bill I want to talk about concerns the GST changes for meal allowances. It reduces the amount from 80 per cent to 50 per cent that can be calculated as entertainment or meal allowances for those persons wishing to use it in their tax calculations.

We have supported that change on the basis we felt this was a business subsidy. The Reform Party is very concerned that

government should get out of business. Government is too far into the lives of the business community. For those people who wish to entertain potential clients with meals or other types of entertainment expenses then that should be their responsibility. It should not be the responsibility of the state to subsidize them indirectly with a tax concession. On that basis we support that type of change with regard to the goods and services input tax credit.

Those were the two areas I wanted to speak on. The Reform Party supports each of them. First, we support the transportation tax changes which make the industry more self sufficient and not so reliant on the subsidy of the public purse. Second, we support the reduction or changes in the GST allowance tax credit from 80 per cent to 50 per cent. It is a good move in that government is less involved and the private sector looks after itself.

Mr. Bob Speller (Haldimand—Norfolk): Mr. Speaker, I will just take a couple of minutes to talk about that. I cannot let a bill like this get passed in this House without first telling the House about the effects it has on my riding. When I talked about this bill before I explained to the House how important legislation like this is to my riding of Haldimand—Norfolk.

I represent somewhere in the neighbourhood of 800 tobacco producers and I have represented them on this issue over the past few years. Over a number of years I and indeed a number of members in this House have been calling for the government to reduce taxes on tobacco. We felt, as do most of my constituents, that tobacco taxes and the way they have been applied in this country have been to the detriment of many of my constituents certainly the tobacco farmers and the area communities which support them.

I also represent the people of the Six Nations which is the largest Indian reserve in the country. It was dramatically impacted on by this legislation and the lowering of the taxes we brought in earlier this year, in February.

One thing we have seen in Haldimand—Norfolk and in the area surrounding the Six Nations is a great reduction in the number of smoke huts. Prior to the dropping of the taxes there were in the neighbourhood of 150 tobacco huts. Today it is very difficult to find one or two on the reserves. Some of them are now dealing in commodities other than tobacco, more than likely spirits of some sort, but it certainly has had a dramatic impact in that area.

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(1820)

It was the elders, the senior people of the Six Nations who came to me most often and said: "You have to deal with this situation. We don't like what it is doing to our children. We don't like the money aspect it has instilled in our children of going out and trying to make a quick buck". A lot of the time these elders felt that the children were moving away from the old ways and the old teachings by getting into this money grabbing exercise. They certainly were very pleased by what this government has done.

In the past I have talked about how taxation policy has been to the detriment of the tobacco industry. It has been that way because governments have not been able to give the industry—when I talk about the industry, I talk about the tobacco farmers—an idea of their taxation needs over the years.

Even though there is a marketing system for tobacco, when the numbers came out as to what the tobacco requirements would be for a year the government would come in later and all of a sudden apply a high tax on tobacco which would completely throw the market into an upheaval. That is why over the years I have been calling for the reduction in taxation on tobacco.

There is a major relief for the people in the tobacco growing areas. It has helped the spirit in those areas. They are good people who had been encouraged by past governments to get into tobacco. These people really do not have a number of other commodities to move into. These are good Canadians who in the past have supported good government. Over the past few months when I have been down there visiting with them they have praised the government for what it has been doing.

Constituents have not been happy with other areas of the bill. The export tax is one they see as not only against any provisions in GATT but also something that would hurt their legitimate export interests. They have called on me to tell the government, as I have in the past, that an export tax only hurts Canadian jobs and Canadian farmers. It does nothing to solve the problem.

We have gone beyond that. Because of the dramatic drop in taxation we have gone on to solve the problem. It was a tough problem. I listened earlier to the member from the Bloc saying: "Gee, why didn't you do something about it?" I remember when his leader was in the previous government which kept raising the taxes on tobacco. Why was it that his leader did nothing to deal with this situation?

We came in and there was a major problem. Maybe some people in the Reform Party and in the west did not agree with some of the things we did. It was not an easy problem but one which I suppose past governments had decided it best to just let go. Our leader decided to take it upon himself to solve this

problem. From all I have seen, it has solved the problem in my area.

Some will complain that right after we brought in the new taxation the sales of tobacco went up, but that was just the situation of people resupplying. If members went into cornerstores in their ridings they could see people were moving out of tobacco sales because they were not making any money on it. People were buying their tobacco outside their normal channels.

We saw in the paper a couple of weeks ago when the numbers came out that those numbers have dropped dramatically. In fact, we are now seeing there really is not a dramatic drop. It is pretty much staying the same in terms of tobacco sales. There has not been the dramatic increase some claimed would happen and all in all, it is levelling off.

(1825)

It has brought to people's attention that serious problem of how tobacco was illegally getting into the hands of young people in schoolyards. This bill makes sure that if people buy tobacco products they will do it legitimately in legitimate areas. If someone decides to sell to minors they will face the stiffest penalties there have ever been in this country in that regard.

That is good government. It is a good piece of legislation which deals with a problem Canadians wanted dealt with. It bodes well for not only the Prime Minister but also for the Minister of Health and the Minister of National Revenue who solved the problem together.

I will give the Reform Party a chance for five minutes on this. I thank the Prime Minister on behalf of my constituents in Haldimand—Norfolk for dealing with the problem.

Mr. Garry Breitzkreuz (Yorkton—Melville): Mr. Speaker, I have only a few minutes but I want to make several points. I was going to take the opportunity to go through Bill C-32 point by point, but time does not allow that. I will simply summarize what our position is and then make a few supplementary remarks.

Reformers are going to come out opposed to this bill basically because we did not want the tobacco tax to be reduced in the way it was. You may find it rather surprising that Reformers would oppose a tax reduction. One of the reasons we were elected was to reduce government spending so that taxes could be reduced but in this case, we cannot agree with what has been done for the following reasons.

My constituents have told me this as well. They did not like the way the government responded to the criminal element by reducing taxes very quickly. They would have preferred that the government look at the enforcement problem first and address some of the other issues, maybe apply an excise tax on the exported tobacco products.

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More and more people will be encouraged to smoke. We already see this happening among our young people. For this reason we cannot support this reduction in the tax.

Because of this increase in smoking we will have long term health costs for Canadians which have not been factored in. The government should have done some planning in this regard, some investigation as to how this would affect our health care system. That is a priority with people. They have told us that above all else we should preserve our health care system. We should not cut back on costs and this will probably increase the costs rather than reduce them.

We should also have tried more aggressive enforcement measures. Seventy per cent of the cigarettes were brought in through the reserves. Maybe there was a way to address that problem.

We would have liked to have seen a new export tax on tobacco products tried before the lowering of taxes took place. We could probably have worked together with Americans in this regard but now they look at us and say: "The Canadians have reduced their taxes, so we don't have to increase ours. It doesn't work".

There will also be a problem between provinces. There is a smuggling problem between Canada and the United States and now we are going to have a smuggling problem among various provinces. How will that be addressed? What will happen in that regard? I realize some measures have been taken here to try to control that, but it could be a problem.

In February when Bill C-11 was introduced we pointed out that when the criminal element sees that the profit is no longer there for tobacco they will turn to other things. As my colleague has already admitted, they will probably begin importing alcohol and other things.

We support the imposition of the new excise tax on exported tobacco products. Senior officials informed us that before the tax changes were implemented, between 30 and 40 per cent of the total production of tobacco manufacturing in Canada was exported. The tobacco companies now agree that only 3 per cent was legally consumed in the United States. This shows the extent of the smuggling problem. It could have been controlled at this end before it even went to the states.

This law now allows tobacco manufacturers to export 3 per cent of their production tax exempt. Reformers believe that this new export tax should have been tried before lowering the tax.

The legislation implements measures to ensure that unmarked tobacco products sold to Indians on reserves in Ontario and Nova Scotia are taxed at the same rate as marked tobacco products sold in the two provinces.

Also retailers and wholesalers are owed an estimated \$150 million in rebates on excise taxes on tobacco products held in inventory when the excise tax was reduced. The minister cannot issue the rebate cheques until this legislation is passed. While we oppose the reduction in tobacco taxes, retailers are likely to get upset if we delay the bill. We do not want to hold it up for that reason.

Finally, Reformers support the adjustment to the fines for illegal possession or sale of unstamped tobacco products. We believe that those who are breaking our laws should be punished. We also support the health promotion surtax, an increase of 40 per cent of taxes paid on profits by the tobacco manufacturers. We feel this is a positive measure. On most of these measures we support the government. However, on the reduction of the tobacco tax we cannot support it.

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

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to, bill read the second time and referred to a committee.)

The Deputy Speaker: It being 6.30 p.m., pursuant to Standing Order 45(5)(a), the House will now proceed to the taking of the deferred divisions on the motions at report stage of Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994.

* * *

BUDGET IMPLEMENTATION ACT

The House resumed consideration of Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994, as reported (without amendment) from the committee.

The Deputy Speaker: Call in the members.

(1850)

And the bells having rung:

The Deputy Speaker: The first vote is on Motion No. 1. A vote on this motion also applies to Motions Nos. 2, 3, 5, 6, 7, 8, 9, 10 and 11. An affirmative vote on Motion No. 1 obviates the necessity of putting the question on Motion No. 4. If Motion No. 1 is negated Motion No. 4 will be voted on.

The question is on Motion No. 1.

(The House divided on the motion, which was negated on the following division:)

Government Orders

(Division No. 43)

YEAS

Members

| | |
|---------------------------------|------------------------|
| Bachand | Bellehumeur |
| Bernier (Gaspé) | Bouchard |
| Brien | Bélisle |
| Chrétien (Frontenac) | Dalphonde-Guiral |
| Daviault | Debien |
| de Jong | de Savoye |
| Deshaies | Dubé |
| Duceppe | Dumas |
| Fillion | Gagnon (Québec) |
| Gauthier (Roberval) | Godin |
| Guimond | Lalonde |
| Landry | Langlois |
| Lavigne (Beauharnois—Salaberry) | Lebel |
| Lefebvre | Leroux (Shefford) |
| Loubier | Marchand |
| Mercier | Picard (Drummond) |
| Plamondon | Péloquin |
| Sauvageau | Tremblay (Rosemont)—36 |

NAYS

Members

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| Ablonczy | Adams |
| Alcock | Anawak |
| Anderson | Assad |
| Assadourian | Axworthy (Winnipeg South Centre) |
| Barnes | Bellemare |
| Berger | Bertrand |
| Bethel | Bevilacqua |
| Bodnar | Bonin |
| Boudria | Breitkreuz (Yellowhead) |
| Breitkreuz (Yorkton—Melville) | Bridgman |
| Brown (Oakville—Milton) | Brushett |
| Bryden | Bélaïr |
| Calder | Campbell |
| Cannis | Catterall |
| Cauchon | Chamberlain |
| Chatters | Clancy |
| Cohen | Collenette |
| Comuzzi | Cowling |
| Crawford | Culbert |
| DeVillers | Dhaliwal |
| Dingwall | Discepola |
| Dromisky | Duhamel |
| Duncan | Dupuy |
| Easter | Fewchuk |
| Finlay | Fontana |
| Frazier | Fry |
| Gaffney | Gagliano |
| Gagnon (Bonaventure—Îles-de-la-Madeleine) | Galloway |
| Gerrard | Gilmour |
| Gouk | Gray (Windsor West) |
| Grey (Beaver River) | Grose |
| Grubel | Guarnieri |
| Hanger | Hanrahan |
| Harb | Harper (Calgary West) |
| Harper (Churchill) | Harper (Simcoe Centre) |
| Harvard | Hermanson |
| Hickey | Hill (Macleod) |
| Hubbard | Ianno |
| Iftody | Jackson |
| Jordan | Karygiannis |
| Kerpan | Keyes |
| Kilger (Stormont—Dundas) | Kirkby |
| Knutson | Kraft Sloan |
| Lavigne (Verdun—Saint-Paul) | LeBlanc (Cape Breton Highlands—Canso) |
| Lee | MacLaren (Etobicoke North) |
| MacLellan (Cape Breton—The Sydneys) | Maheu |
| Malhi | Maloney |
| Manley | Marchi |
| Marleau | Martin (LaSalle—Émard) |
| Massé | McClelland (Edmonton Southwest) |
| McCormick | McGuire |
| McKinnon | McLellan (Edmonton Northwest) |

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| McTeague | McWhinney |
| Meredith | Mifflin |
| Milliken | Mills (Broadview—Greenwood) |
| Minna | Mitchell |
| Morrison | Murphy |
| Murray | O'Brien |
| O'Reilly | Pagtakhan |
| Parrish | Payne |
| Peric | Peterson |
| Pickard (Essex—Kent) | Pillitteri |
| Ramsay | Reed |
| Richardson | Rideout |
| Ringma | Ringuette—Maltais |
| Rock | Scott (Fredericton—York—Sunbury) |
| Shepherd | Sheridan |
| Silye | Simmons |
| Skoke | Speaker |
| Speller | St. Denis |
| Stewart (Brant) | Stewart (Northumberland) |
| Szabo | Telegdi |
| Terrana | Torsney |
| Ur | Valeri |
| Vanclief | Walker |
| Wells | Whelan |
| White (Fraser Valley West) | Wood |
| Young | Zed—156 |

PAIRED—MEMBERS

Members

| | |
|---------------------------------|--------------------------------------|
| Arseneault | Asselin |
| Bergeron | Bernier (Mégantic—Compton—Stanstead) |
| Blondin—Andrew | Canuel |
| Caron | Cauchon |
| Chan | Crête |
| Eggleton | English |
| Finestone | Gauthier (Ottawa—Vanier) |
| Godfrey | Goodale |
| Guay | Jacob |
| Laurin | Leblanc (Longueuil) |
| Leroux (Richmond—Wolfe) | MacAulay |
| Ménard | Nault |
| Nunez | Paré |
| Patry | Peters |
| Phinney | Pomerleau |
| Proud | Robichaud |
| Rompkey | St-Laurent |
| Tremblay (Rimouski—Témiscouata) | Venne |

(1900)

The Deputy Speaker: I declare Motion No. 1 negated.

Therefore Motions Nos. 2, 3, 5, 6, 7, 8, 9, 10 and 11 are also negated.

The next question will be on Motion No. 4.

(The House divided on the motion, which was negated on the following division:)

(Division No. 44)

YEAS

Members

| | |
|-------------------------------|-------------------------|
| Ablonczy | Bachand |
| Bellehumeur | Bernier (Gaspé) |
| Bouchard | Breitkreuz (Yellowhead) |
| Breitkreuz (Yorkton—Melville) | Bridgman |
| Brien | Bélisle |
| Chatters | Chrétien (Frontenac) |
| Dalphonde-Guiral | Daviault |
| Debien | de Jong |
| de Savoye | Deshaies |
| Dubé | Duceppe |

Dumas
Fillion
Gagnon (Québec)
Gilmour
Gouk
Grubel
Hanger
Harper (Calgary West)
Hermanson
Kerpan
Landry
Lavigne (Beauharnois—Salaberry)
Lefebvre
Loubier
McClelland (Edmonton Southwest)
Meredith
Picard (Drummond)
Péloquin
Ringma
Silye
Tremblay (Rosemont)

Duncan
Frazer
Gauthier (Roberval)
Godin
Grey (Beaver River)
Guimond
Hanrahan
Harper (Simcoe Centre)
Hill (MacLeod)
Lalonde
Langlois
Lebel
Leroux (Shefford)
Marchand
Mercier
Morrison
Plamondon
Ramsay
Sauvageau
Speaker
White (Fraser Valley West)—62

NAYS

Members

Adams
Anawak
Assad
Axworthy (Winnipeg South Centre)
Bellemare
Bertrand
Bevilacqua
Bonin
Brown (Oakville—Milton)
Bryden
Calder
Cannis
Cauchon
Clancy
Collenette
Cowling
Culbert
Dhaliwal
Discepola
Duhamel
Easter
Finlay
Fry
Gagliano
Galloway
Gray (Windsor West)
Guarnieri
Harper (Churchill)
Hickey
Ianno
Jackson
Karygiannis
Kilger (Stormont—Dundas)
Knutson
Lavigne (Verdun—Saint—Paul)
Lee
MacLellan (Cape Breton—The Sydneys)
Malhi
Manley
Marleau
Massé
McGuire
McLellan (Edmonton Northwest)
McWhinney
Milliken
Minna
Murphy
O'Brien
Pagtakhan

Alcock
Anderson
Assadourian
Barnes
Berger
Bethel
Bodnar
Boudria
Brushett
Bélair
Campbell
Catterall
Chamberlain
Cohen
Comuzzi
Crawford
DeVillers
Dingwall
Dromisky
Dupuy
Fewchuk
Fontana
Gaffney
Gagnon (Bonaventure—Îles—de—la—Madeleine)
Gerrard
Grose
Harb
Harvard
Hubbard
Iftody
Jordan
Keyes
Kirkby
Kraft Sloan
LeBlanc (Cape Breton Highlands—Canso)
MacLaren (Etobicoke North)
Maheu
Maloney
Marchi
Martin (LaSalle—Émard)
McCormick
McKinnon
McTeague
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murray
O'Reilly
Parrish

Government Orders

Payne
Peterson
Pillitteri
Richardson
Ringuette—Maltais
Scott (Fredericton—York—Sunbury)
Sheridan
Speller
Stewart (Brant)
Szabo
Terrana
Ur
Vanclief
Wells
Wood
Zed—130

Peric
Pickard (Essex—Kent)
Reed
Rideout
Rock
Shepherd
SimmonsSkoke
St. Denis
Stewart (Northumberland)
Telegdi
Torsney
Valeri
Walker
Whelan
Young

PAIRED—MEMBERS

Arseneault
Bergeron
Blondin—Andrew
Caron
Chan
Eggleton
Finestone
Godfrey
Guay
Laurin
Leroux (Richmond—Wolfe)
Ménard
Nunez
Patry
Phinney
Proud
Rompkey
Tremblay (Rimouski—Témiscouata)

Asselin
Bernier (Mégantic—Compton—Stanstead)
Canuel
Cauchon
Crête
English
Gauthier (Ottawa—Vanier)
Goodale
Jacob
Leblanc (Longueuil)
MacAulay
Nault
Paré
Peters
Pomerleau
Robichaud
St—Laurent
Venne

(1910)

[Translation]

The Deputy Chairman: I declare Motion No. 4 negated.

[English]

Mr. Gagliano: Mr. Speaker, I believe you will find unanimous consent to apply the result of Motion No. 4 to Motion No. 12 and to apply the result of Motion No. 1 to Motion No. 13.

The Deputy Speaker: Is there unanimous consent?

Some hon. members: Agreed.

The Deputy Speaker: Accordingly, Motion No. 12 is also negated. Motions Nos. 13, 14 and 15 I believe are also negated.

[Editor's Note: See list under Division No. 44 for Motion No. 12. See list under Division List No. 43 for Motion No. 13.]

The Deputy Speaker: The next question is on Motion No. 19. A vote on this motion also applies to Motions Nos. 20 and 22.

[Translation]

An affirmative vote on Motion No. 19 obviates the need for a vote on Motion No. 21. If Motion No. 19 is negated, Motion No. 21 will be voted on.

Government Orders

[English]

(The House divided on the motion, which was negated on the following division:)

*(Division No. 45)***YEAS**

Members

| | |
|---------------------------------|-------------------------------|
| Ablonczy | Breitkreuz (Yellowhead) |
| Breitkreuz (Yorkton—Melville) | Bridgman |
| Chatters | Duncan |
| Frazer | Gilmour |
| Gouk | Grey (Beaver River) |
| Grubel | Hanger |
| Hanrahan | Harper (Calgary West) |
| Harper (Simcoe Centre) | Hermanson |
| Hill (Macleod) | Kerpan |
| McClelland (Edmonton Southwest) | Meredith |
| Morrison | Ramsay |
| Ringma | Silye |
| Speaker | White (Fraser Valley West)—26 |

NAYS

Members

| | |
|-------------------------------------------|---------------------------------------|
| Adams | Alcock |
| Anawak | Anderson |
| Assad | Assadourian |
| Axworthy (Winnipeg South Centre) | Bachand |
| Barnes | Bellehumeur |
| Bellemare | Berger |
| Bernier (Gaspé) | Bertrand |
| Bethel | Bevilacqua |
| Bodnar | Bonin |
| Bouchard | Boudria |
| Brien | Brown (Oakville—Milton) |
| Brushett | Bryden |
| Bélair | Bélisle |
| Calder | Campbell |
| Cannis | Catterall |
| Cauchon | Chamberlain |
| Chrétien (Frontenac) | Clancy |
| Cohen | Collenette |
| Comuzzi | Cowling |
| Crawford | Culbert |
| Dalphond—Guiral | Daviault |
| Debien | de Jong |
| de Savoye | Deshais |
| DeVillers | Dhaliwal |
| Dingwall | Discepolo |
| Dromisky | Dubé |
| Duceppe | Duhamel |
| Dumas | Dupuy |
| Easter | Fewchuk |
| Fillion | Finlay |
| Fontana | Fry |
| Gaffney | Gagliano |
| Gagnon (Bonaventure—Îles-de-la-Madeleine) | Gagnon (Québec) |
| Galloway | Gauthier (Roberval) |
| Gerrard | Godin |
| Gray (Windsor West) | Grose |
| Guarnieri | Guimond |
| Harb | Harper (Churchill) |
| Harvard | Hickey |
| Hubbard | Ianno |
| Iftody | Jackson |
| Jordan | Karygiannis |
| Keyes | Kilger (Stormont—Dundas) |
| Kirkby | Knutson |
| Kraft Sloan | Lalonde |
| Landry | Langlois |
| Lavigne (Beauharnois—Salaberry) | Lavigne (Verdun—Saint-Paul) |
| Lebel | LeBlanc (Cape Breton Highlands—Canso) |
| Lee | Lefebvre |
| Leroux (Shefford) | Loubier |
| MacLaren (Etobicoke North) | MacLellan (Cape Breton—The Sydneys) |
| Maheu | Malhi |
| Maloney | Manley |
| Marchand | Marchi |
| Marleau | Martin (LaSalle—Émard) |
| Massé | McCormick |
| McGuire | McKinnon |
| McLellan (Edmonton Northwest) | McTeague |
| McWhinney | Mercier |

| | |
|-----------------------------|----------------------------------|
| Mifflin | Milliken |
| Mills (Broadview—Greenwood) | Minna |
| Mitchell | Murphy |
| Murray | O'Brien |
| O'Reilly | Pagtakhan |
| Parrish | Payne |
| Peric | Peterson |
| Picard (Drummond) | Pickard (Essex—Kent) |
| Pillitteri | Plamondon |
| Péloquin | Reed |
| Richardson | Rideout |
| Ringuette—Maltais | Rock |
| Sauvageau | Scott (Fredericton—York—Sunbury) |
| Shepherd | Sheridan |
| Simmons | Skoke |
| Speller | St. Denis |
| Stewart (Brant) | Stewart (Northumberland) |
| Szabo | Telegdi |
| Terrana | Torsney |
| Tremblay (Rosemont) | Ur |
| Valeri | Vanclief |
| Walker | Wells |
| Whelan | Wood |
| Young | Zed—166 |

PAIRED—MEMBERS

Members

| | |
|---------------------------------|--------------------------------------|
| Arseneault | Asselin |
| Bergeron | Bernier (Mégantic—Compton—Stanstead) |
| Blondin—Andrew | Canuel |
| Caron | Cauchon |
| Chan | Crête |
| Eggleton | English |
| Finestone | Gauthier (Ottawa—Vanier) |
| Godfrey | Goodale |
| Guay | Jacob |
| Laurin | Leblanc (Longueuil) |
| Leroux (Richmond—Wolfe) | MacAulay |
| Ménard | Nault |
| Nunez | Paré |
| Patry | Peters |
| Phinney | Pomerleau |
| Proud | Robichaud |
| Rompkey | St-Laurent |
| Tremblay (Rimouski—Témiscouata) | Venne |

(1915)

The Deputy Speaker: I declare Motion No. 19 defeated.

[Translation]

I declare Motions Nos. 20 and 22 negated.

[English]

The next question is on Motion No. 21.

[Translation]

Mr. Gagliano: Mr. Speaker, I think you will find unanimous consent in the Chamber to apply the vote on Motion No. 4 to Motion No. 21.

(1920)

The Deputy Speaker: Does the House agree?

Some hon. members: Agreed.

The Deputy Speaker: Agreed.

[English]

Accordingly Motion No. 21 is also negated.

[Editor's Note: See list under Division No. 44.]

[Translation]

The Deputy Speaker: The next vote will be on Motion No. 23 and will also apply to Motions Nos. 27, 28, 29, 30, 32, 34, 35, 36, 37 and 38.

[English]

An affirmative vote on Motion No. 23 obviates the need for a vote on Motions Nos. 24, 25, 26, 31 and 33. A negative vote on Motion No. 23 necessitates a vote on Motions Nos. 24, 26, 31 and 33.

[Translation]

The vote on Motion No. 24 will also apply to Motion No. 25.

[English]

Motions Nos. 26, 31 and 33 will be voted on separately.

All those in favour of the motion will please rise.

Does the proposer and his team party wish to rise in favour of this motion or not? Then all those opposed to the motion will please rise.

[Translation]

(The House divided on the motion, which was negated on the following division:)

(Division No. 46)

YEAS

Members

nil/aucun

NAYS

Members

Ablonczy
Alcock
Anderson
Assadourian
Bachand
Bellehumeur
Berger
Bertrand
Bevilacqua
Bonin
Boudria
Breitkreuz (Yorkton—Melville)
Brien
Brushett
Bélair
Caldar
Cannis
Cauchon
Chatters
Clancy
Collenette
Cowling
Culbert
Daviault
de Jong
Deshaies
Dhaliwal
Discepolo
Dubé
Duhamel
Duncan
Easter
Fillion
Fontana
Fry
Gagliano
Gagnon (Québec)
Gauthier (Roberval)
Gilmour

Adams
Anawak
Assad
Axworthy (Winnipeg South Centre)
Barnes
Bellemare
Bernier (Gaspé)
Bethel
Bodnar
Bouchard
Breitkreuz (Yellowhead)
Bridgman
Brown (Oakville—Milton)
Bryden
Bélisle
Campbell
Catterall
Chamberlain
Chrétien (Frontenac)
Cohen
Comuzzi
Crawford
Dalphond—Guiral
Debien
de Savoye
De Villiers
Dingwall
Dromisky
Duceppe
Dumas
Dupuy
Fewchuk
Finlay
Frazier
Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)
Galloway
Gerrard
Godin

Government Orders

Gouk
Grey (Beaver River)
Grubel
Guimond
Hanrahan
Harper (Calgary West)
Harper (Simcoe Centre)
Hermanson
Hill (Macleod)
Ianno
Jackson
Karygiannis
Keyes
Kirkby
Kraft Sloan
Landry
Lavigne (Beauharnois—Salaberry)
Lebel
Lee
Leroux (Shefford)
MacLaren (Etobicoke North)
Maheu
Maloney
Marchand
Marleau
Massé
McCormick
McKinnon
McTeague
Mercier
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murphy
O'Brien
Pagtakhan
Payne
Peterson
Pickard (Essex—Kent)
Plamondon
Ramsay
Richardson
Ringma
Rock
Scott (Fredericton—York—Sunbury)
Sheridan
Simmons
Speaker
St. Denis
Stewart (Northumberland)
Telegdi
Torsney
Ur
Vanclief
Wells
White (Fraser Valley West)
Young
Gray (Windsor West)
Grose
Guarnieri
Hanger
Harb
Harper (Churchill)
Harvard
Hickey
Hubbard
Ifody
Jordan
Kerpan
Kilger (Stormont—Dundas)
Knutson
Lalonde
Langlois
Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape Breton Highlands—Canso)
Lefebvre
Loubier
MacLellan (Cape Breton—The Sydneys)
Malhi
Manley
Marchi
Martin (LaSalle—Émard)
McClelland (Edmonton Southwest)
McGuire
McLellan (Edmonton Northwest)
McWhinney
Meredith
Milliken
Minna
Morrison
Murray
O'Reilly
Parrish
Peric
Picard (Drummond)
Pilliteri
Péloquin
Reed
Rideout
Ringuette—Maltais
Sauvageau
Shepherd
Silye
Skoke
Speller
Stewart (Brant)
Szabo
Terrana
Tremblay (Rosemont)
Valeri
Walker
Whelan
Wood
Zed—192

PAIRED—MEMBERS

Arseneault
Bergeron
Blondin—Andrew
Caron
Chan
Eggleton
Finestone
Godfrey
Guay
Laurin
Leroux (Richmond—Wolfe)
Ménard
Nunez
Patry
Phinney
Proud
Rompkey
Tremblay (Rimouski—Témiscouata)
Asselin
Bernier (Mégantic—Compton—Stanstead)
Canuel
Cauchon
Crête
English
Gauthier (Ottawa—Vanier)
Goodale
Jacob
Leblanc (Longueuil)
MacAulay
Nault
Paré
Peters
Pomerleau
Robichaud
St-Laurent
Venne

(1925)

[English]

The Deputy Speaker: I declare Motion No. 23 defeated. I declare Motions Nos. 27, 28, 29, 30, 32, 34, 35, 36, 37 and 38 negated.

Government Orders

Mr. Gagliano: Mr. Speaker after the unanimous vote I believe you could find unanimous consent to apply the vote on Motion No. 1 to Motions Nos. 24, 26, 31 and 33.

Some hon. members: Agreed.

The Deputy Speaker: Accordingly Motions No. 24, 26, 31 and 33 are all negatived.

[*Editor's Note: See list under Division No. 43.*]

Mr. Gagliano: While I am on my feet I believe you will find unanimous consent to apply in reverse the result on Motion No. 4 to the motion to concur in the bill at report stage.

The Deputy Speaker: Is that agreed?

Some hon. members: Agreed.

Hon. Paul Martin (Minister of Finance) moved that the bill be concurred in.

Mr. Hermanson: Mr. Speaker, we agreed on that vote but we are opposed at report stage. We would want to vote at report stage that we are opposed to the bill.

The Deputy Speaker: We will apply the vote on Motion No. 4 in reverse. Is that acceptable to the House leader of the Reform Party?

Mr. Hermanson: Yes.

(The House divided on the motion, which was agreed to on the following division:)

(*Division No. 47*)

YEAS

Members

| | |
|-------------------------------------|-------------------------------------------|
| Adams | Alcock |
| Anawak | Anderson |
| Assad | Assadourian |
| Axworthy (Winnipeg South Centre) | Barnes |
| Bellemare | Berger |
| Bertrand | Bethel |
| Bevilacqua | Bodnar |
| Bonin | Boudria |
| Brown (Oakville—Milton) | Brushett |
| Bryden | Bélair |
| Calder | Campbell |
| Cannis | Catterall |
| Cauchon | Chamberlain |
| Clancy | Cohen |
| Collette | Comuzzi |
| Cowling | Crawford |
| Culbert | DeVillers |
| Dhaliwal | Dingwall |
| Discepola | Dromisky |
| Duhamel | Dupuy |
| Easter | Fewchuk |
| Finlay | Fontana |
| Fry | Gaffney |
| Gagliano | Gagnon (Bonaventure—Îles-de-la-Madeleine) |
| Galloway | Gerrard |
| Gray (Windsor West) | Grose |
| Guarnieri | Harb |
| Harper (Churchill) | Harvard |
| Hickey | Hubbard |
| Ianno | Ifitody |
| Jackson | Jordan |
| Karygiannis | Keys |
| Kilger (Stormont—Dundas) | Kirkby |
| Knutson | Kraft Sloan |
| Lavigne (Verdun—Saint-Paul) | LeBlanc (Cape Breton Highlands—Canso) |
| Lee | MacLaren (Etobicoke North) |
| MacLellan (Cape Breton—The Sydneys) | Maheu |
| Malhi | Maloney |
| Manley | Marchi |
| Marleau | Martin (LaSalle—Émard) |

Massé
McGuire
McLellan (Edmonton Northwest)
McWhinney
Milliken
Minna
Murphy
O'Brien
Pagtakhan
Payne
Peterson
Pillitteri
Richardson
Ringuette—Maltais
Scott (Fredericton—York—Sunbury)
Sheridan
Skoke
St. Denis
Stewart (Northumberland)
Telegdi
Torsney
Valeri
Walker
Whelan
Young

McCormick
McKinnon
McTeague
Mifflin
Mills (Broadview—Greenwood)
Mitchell
Murray
O'Reilly
Parrish
Peric
Pickard (Essex—Kent)
Reed
Rideout
Rock
Shepherd
Simmons
Speller
Stewart (Brant)
Szabo
Terrana
Ur
Vanclief
Wells
Wood
Zed—130

NAYS

Members

Ablonczy
Bellehumeur
Bouchard
Breitkreuz (Yorkton—Melville)
Brien
Chatters
Dalphond—Guiral
Debien
de Savoye
Dubé
Dumas
Fillion
Gagnon (Québec)
Gilmour
Gouk
Grubel
Hanger
Harper (Calgary West)
Hermanson
Kerpan
Landry
Lavigne (Beauharnois—Salaberry)
Lefebvre
Loubier
McClelland (Edmonton Southwest)
Meredith
Picard (Drummond)
Péloquin
Ringma
Silye
Tremblay (Rosemont)

Bachand
Bernier (Gaspé)
Breitkreuz (Yellowhead)
Bridgman
Bélisle
Chrétien (Frontenac)
Davialt
de Jong
Deshaies
Duceppe
Duncan
Frazer
Gauthier (Roberval)
Godin
Grey (Beaver River)
Guimond
Hanrahan
Harper (Simcoe Centre)
Hill (Macleod)
Lalonde
Langlois
Label
Leroux (Shefford)
Marchand
Mercier
Morrison
Plamondon
Ramsay
Sauvageau
Speaker
White (Fraser Valley West)—62

PAIRED—MEMBERS

Arseneault
Bergeron
Blondin—Andrew
Caron
Chan
Eggleton
Finestone
Godfrey
Guay
Laurin
Leroux (Richmond—Wolfe)
Ménard
Nunez
Patry
Phinney
Proud
Rompkey
Tremblay (Rimouski—Témiscouata)

Asselin
Bernier (Mégantic—Compton—Stanstead)
Canuel
Cauchon
Crête
English
Gauthier (Ottawa—Vanier)
Goodale
Jacob
LeBlanc (Longueuil)
MacAulay
Nault
Paré
Peters
Pomerleau
Robichaud
St-Laurent
Venne

The Deputy Speaker: It being 7.30 p.m. the House stands adjourned until tomorrow at 10 a.m.

(The House adjourned at 7.30 p.m.)

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| Mrs. Picard | 4579 |
| Ms. Marleau | 4579 |
| Mrs. Picard | 4579 |
| Ms. Marleau | 4580 |

Established Programs Financing

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| Mr. Hill (Macleod) | 4580 |
| Ms. Marleau | 4580 |
| Mr. Hill (Macleod) | 4580 |
| Ms. Marleau | 4580 |

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| Mr. de Savoye | 4580 |
| Ms. Marleau | 4580 |
| Mr. de Savoye | 4580 |
| Ms. Marleau | 4580 |

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| Mr. Abbott | 4580 |
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| Mr. MacLaren | 4581 |
| Mr. Abbott | 4581 |
| Mr. MacLaren | 4581 |

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| Mr. Rocheleau | 4581 |
| Mr. Manley | 4581 |
| Mr. Rocheleau | 4581 |
| Mr. Manley | 4581 |

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| Mr. Keyes | 4582 |
| Ms. Guarnieri | 4582 |

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| Mrs. Ablonczy | 4582 |
| Mr. Axworthy (Winnipeg South Centre) | 4582 |
| Mrs. Ablonczy | 4582 |
| Mr. Axworthy (Winnipeg South Centre) | 4582 |

National Defence

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| Mrs. Gagnon (Québec) | 4582 |
| Mr. Collenette | 4583 |
| Mrs. Gagnon (Québec) | 4583 |
| Mr. Collenette | 4583 |

Unemployment Insurance

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| Mr. Gouk | 4583 |
| Mr. Axworthy (Winnipeg South Centre) | 4583 |
| Mr. Gouk | 4583 |
| Mr. Axworthy (Winnipeg South Centre) | 4583 |

Small Businesses

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| Mr. Iftody | 4583 |
| Mr. Manley | 4583 |

The Environment

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| Mr. Sauvageau | 4584 |
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| Ms. Copps | 4584 |
| Mr. Sauvageau | 4584 |
| Ms. Copps | 4584 |

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| Mr. Silye | 4584 |
| Mr. Rock | 4584 |
| Mr. Silye | 4584 |
| Mr. Gray | 4584 |

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| Mr. Boudria | 4584 |
| Mr. MacLaren | 4584 |

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| Mr. Gauthier (Roberval) | 4585 |
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| Mr. Gauthier (Roberval) | 4585 |
| Mr. Young | 4585 |

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| Mr. Milliken | 4585 |
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Committees of the House

Environment and Sustainable Development

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| Mr. Caccia | 4585 |
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Motion to Extend the Consideration of Votes

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| Mr. Bouchard | 4586 |
| (Motion agreed to.) | 4586 |

Petitions

Bosnia

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| Mr. Allmand | 4586 |
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Mr. Duhamel 4586

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Mr. Milliken 4586

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Tax Conventions

Bill S-2. Consideration resumed of motion for third reading 4587
Mr. Loubier 4587
Mr. Speaker (Lethbridge) 4590
(Motion agreed to, bill read the third time and passed.) 4591

Canadian Film Development Corporation Act

Bill C-31. Consideration resumed of motion for second reading 4591
Mr. Anderson 4591
Ms. Guarnieri 4591
Mr. Plamondon 4592
Mr. Ringma 4593
Mr. Reed 4594
Mr. Ringma 4595
Mr. Duncan 4595
Mr. Duncan 4596
Mr. Reed 4597
Mr. Jackson 4597
Mr. Hermanson 4598
Mr. Reed 4600
Mr. McClelland 4601
(Motion agreed to, bill read the second time and referred to a committee.) 4602

Excise Tax Act

Bill C-32. Motion for second reading 4602
Mr. Anderson 4602
Mr. Walker 4602
Mr. Brien 4605

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| Mr. Speaker (Lethbridge) | 4610 |
| Mr. Speller | 4611 |
| Mr. Breitkreuz (Yorkton—Melville) | 4612 |
| (Motion agreed to, bill read the second time and referred to a committee.) | 4613 |

Budget Implementation Act

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| Motion No. 23 negatived on division: Yeas, 0; Nays, 192 | 4617 |
| Motion for concurrence | 4617 |
| Mr. Martin (LaSalle—Émard) | 4617 |
| Motion No. 4 agreed to on division: Yeas, 130; Nays, 62. | 4617 |