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Thursday, December 1, 1994

Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

Thursday, December 1, 1994

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[Translation]

COMMITTEES OF THE HOUSE

SPECIAL JOINT COMMITTEE ON CANADA'S DEFENCE POLICY

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Madam Speaker, pursuant to Standing Order 109, I have the honour to table, in both official languages, the government's response to the report of the Special Joint Committee on Canada's Defence Policy and the 1994 White Paper on Defence.

* * *

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Madam Speaker, pursuant to Standing Order 36(8), I have the honour to table, in both official languages, the government's response to five petitions.

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[Translation]

COMMITTEES OF THE HOUSE

SCRUTINY OF REGULATIONS

Mr. Ghislain Lebel (Chambly, BQ): Madam Speaker, I have the honour to table, in both official languages, the second report of the Joint Committee on Scrutiny of Regulations.

[English]

COMMEMORATION OF BIRTHPLACE OF CONFEDERATION ACT

Mr. George Proud (Hillsborough, Lib.) moved for leave to introduce Bill C-292, an act to commemorate the birthplace of Confederation.

He said: Madam Speaker, as you probably know, this bill has been a project of mine for the last number of years. The purpose of the bill is to allow the Minister of Canadian Heritage to erect plaques or set up museums to mark Charlottetown as the birthplace of Confederation.

In 1864 the Fathers of Confederation met in Charlottetown and laid the foundation for this great country. A few years ago the House passed my motion recognizing Charlottetown as the birthplace of Confederation. The time has come for the federal government to act on that recognition.

This bill provides the government with the authority to act. I urge all members in the House to support the commemoration of this great historical event.

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

* * *

[Translation]

PETITIONS

UKRAINIAN CATHOLIC WOMEN'S LEAGUE OF CANADA

Mr. Raymond Lavigne (Verdun—Saint-Paul, Lib.): Madam Speaker, allow me to submit to you this petition from the Ukrainian Catholic Women's League of Canada.

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[English]

QUESTIONS ON THE ORDER PAPER

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

The Acting Speaker (Mrs. Maheu): Shall all questions stand?

Some hon. members: Agreed.

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[English]

DEPARTMENT OF INDUSTRY ACT

The House proceeded to the consideration of Bill C-46, an act to establish the Department of Industry and to amend and repeal certain other acts, as reported (with amendments) from the committee.

SPEAKER'S RULING

The Acting Speaker (Mrs. Maheu): We have a ruling on Bill C-46, an act to establish the Department of Industry and to amend and repeal certain other acts. There are 10 motions in amendment standing on the Notice Paper for the report stage of Bill C-46, an act to establish the Department of Industry and to amend and repeal certain other acts.

(1010)

[Translation]

Motion No. 1 will be debated and voted upon separately.

[English]

Motions Nos. 2, 3, 4, 5, 6, 7, and 8 will be grouped for debate but voted on as follows.

A vote on Motion No. 2 applies to Motions Nos. 4, 5 and 7. An affirmative vote on Motion No. 2 obviates the necessity of the question being put on Motions Nos. 3, 6 and 8. On the other hand a negative vote on Motion No. 2 necessitates the question being put on Motion No. 3. A vote on Motion No. 3 applies to Motions Nos. 6 and 8.

[Translation]

Motions Nos. 9 and 10 will be debated and voted upon separately.

I will now call Motion No. 1.

MOTIONS IN AMENDMENT

Mr. Gaston Leroux (Richmond—Wolfe, BQ) moved:

Motion No. 1

That Bill C-46, in Clause 4, be amended by replacing line 13, on page 2, with the following:

“(h) patents, trade-marks, indus-”.

Mrs. Christiane Gagnon (Quebec, BQ): Madam Speaker, the debate in which I am taking part today is of the utmost interest for the entire Canadian artistic community. If the government were to show some open-mindedness, it could give a great deal of hope to creators working in the cultural industry.

On November 16, 1993, exactly two weeks after the federal election, the Coalition of Creators and Copyright Owners pub-

lished an open letter in *Le Devoir* addressed to the Minister of Canadian Heritage.

It pointed out, and I quote:

Honourable Sir, the books, recordings, films, radio and television broadcasts, paintings, sculpture, photographs, choreography and works of entertainment produced by the 30,000 creators, artists and other eligible Quebecers belonging to the Coalition of Creators and Copyright Owners are everywhere. Both the creators and the public are happy with this situation. However, in the absence of adequate legislation, creators' fundamental rights are still not being recognized and new reproduction and distribution technologies are depriving them of the revenues that the use of their works should generate.

You undoubtedly realize, Sir, that in order to be able to create new works, creators must earn their living from what they produce. Only the Copyright Act can ensure the legal basis for fair remuneration for the work of creators.

The Minister of Heritage had promised to take prompt action. But one year later, creators are still waiting for legislation that would recognize their right over their work. Why is this? There are those who tell us that the answer to this question lies in the fact that two departments share the responsibility for the question of copyright. These departments are the Department of Industry to be established under Bill C-46 and the Department of Canadian Heritage that will eventually be established under Bill C-53.

We now come to the heart of the debate. According to Clause 5 of Bill C-46, one of the duties assigned to the Minister of Industry will be to defend consumers and large corporations. The rights of artists and workers in general are not even mentioned in this bill. As a result, this department would have a hard time recognizing the rights of creators on their works, as these rights are in direct conflict with those of consumers and large corporations.

The heritage department has a moral right to look into the matter. It is, after all, recognized as the primary stakeholder in cultural matters. About 10 people work on these issues on its behalf. However, these officials have no powers; they can only try to influence their colleagues from Industry. That can be a very frustrating experience.

We now come to the second issue, copyright, which comes under two departments defending diametrically opposed interests and is stuck in its turn-of-the-century version.

(1015)

The review of the act, announced with great pomp on many occasions, is getting nowhere, simply because of differences of opinion between the departments involved. The Union des artistes, for one, wrote in its December 23, 1993 letter to the Prime Minister that dividing responsibilities between the heritage department and Consumer and Corporate Affairs Canada, which had jurisdiction over copyright before reorganization, “stood in the way of harmonious legislative reform —This division of responsibilities has led to a dual vision, which more often than not results in conflicting objectives”.

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What the creative artists ask for is a strengthening of their first claim on their rights to their work and thus their right to negotiate the use made of these works. For example, the coalition of creative artists and copyright holders says that their rights should be protected as much as those of drug patent holders. In a press release from the coalition, Jean-Claude Germain said that the least a healthy society which is proud of its culture could do would be to protect its creative artists as well as it protects its drug manufacturers.

Briefly, this is what the creative artists are asking for. They want recognition of neighbouring rights, that is, the rights of performers to reproduce and present their works. They want recognition of consequential rights, namely the visual artist's right to a percentage of any profit made on his or her work. They want recognition of equal duration of protection, that is, for all types of works, copyright would be recognized for at least 50 years after the artist's death. They also want a law that is technologically neutral, that is, one that will apply regardless of technological developments.

They want fees to be paid on their private copies, that is, royalties on media which can be privately copied such as diskettes, tapes, videocassettes and cassettes. They want rental rights, that is, a royalty on all works protected by law. Finally, they want appropriate recourse and adequate penalties for those who break the law.

For ten years, the cultural communities in Canada and Quebec have been demanding these straightforward changes to the Copyright Act. They are unanimous on this, but have been unsuccessful. It is therefore urgent to act; the survival of Canadian and Quebec culture is at stake. It is urgent to give our artists the ability to earn a living from what they produce, because without culture, a country has no life, no colour and no future.

The purpose of the amendment moved today by my colleague from Richmond—Wolfe is to make Canada and Quebec full-fledged players in this new global economy, which is no longer based on trade in goods but rather on quality of thinking, artistic value, imagination and open-mindedness. Our artists are ready and able to meet the challenge. Denying them the means to do so is not the way to ensure their survival.

[*English*]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, as I listened to the member from Quebec City I must say I share all of her concerns. Coming from a riding where the cultural community for people who are employed in cultural industries represents the greatest number of people employed I am extremely sensitive to this issue. I do not want you to think, Madam Speaker, that this is a community that I do not care for or am insensitive to. I depend a lot on the views and feelings they provide me in the direction I take.

The member for Québec said that the fundamental rights of the artistic community were being threatened by the positioning in the Department of Industry.

(1020)

Historically copyright was with the Department of Consumer and Corporate Affairs which is now part of Industry Canada. From a historical sense we are being fairly consistent but I think the member for Quebec mentioned a more important thing, the strengthening of the role of the creator. I believe that we are doing that. First of all, we have to realize that this is a joint relationship between Heritage Canada and Industry Canada.

Copyright does not deal exclusively with cultural aspects. On the international level, it is a business issue that impacts on revenues, investment, job creation, innovation, piracy, theft, non-tariff barrier concerns, many of the things that the member talked about in her remarks.

As a government we believe that the Department of Industry, especially with all the new technologies, with the information highway, the concerns that we have for protection, is best equipped to meet those concerns and those needs of the artists.

In light of all of that and the balancing of the concerns, we cannot accept this amendment.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Madam Speaker, the amendment that is being proposed in effect deletes the provision of the minister that the Department of Industry deal with copyright. It is really intended to bring that over to another department.

The issue that has just been made by the hon. member opposite is a very accurate statement, that we need to recognize that the whole area of creator's rights and the business of intellectual property ought to be identified. It is not strictly a matter of heritage, history or things of that sort but is rapidly developing and rapidly changing in our economy in Canada today. We need to recognize that in the area of patents and trademarks of those sorts of things are no less the property of people who use their minds and who use their knowledge to develop particular ideas as much as other kinds of property.

We are moving today into a knowledge economy which is not only a business of making things and of moving people. It is a matter of ideas. It is a matter of innovations. It is a matter of applying these in the right way.

It seems to me that there may be some interest here. In other departments, it is with regard to specific content but in terms of the ownership of certain sorts of things we need to recognize that this is included here in the old traditional way of talking about copyright.

We are really talking about much more than the initial intent of copyright. We are talking about intellectual property. The matter should not be taken out of this clause at this time.

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Therefore I think the Reform Party would suggest that colleagues not support this amendment.

The Acting Speaker (Mrs. Maheu): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Maheu): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

(1025)

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 76(1)(8), a recorded division on the motion stands deferred.

Group number two.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ) moved:

Motion No. 2

That Bill C-46, in Clause 8, be amended by replacing line 23, on page 4, with the following:

“by subsection 4(2), with the approval of the Lieutenant Governor in Council of Quebec where such powers, duties and functions relate to regional development in Quebec, in a manner that will”.

[*English*]

Mr. Werner Schmidt (Okanagan Centre, Ref.) moved:

That Bill C-46, in clause 8, be amended by deleting lines 24 to 28, on page 4.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ) moved:

Motion No. 4

That Bill C-46, in Clause 9, be amended by replacing line 5, on page 5, with the following:

“Ontario and Quebec, and with the approval of the Lieutenant Governor in Council of Quebec where such powers, duties and functions relate to regional development in Quebec.”.

Motion No. 5

That Bill C-46, in Clause 9, be amended by replacing line 22, on page 5, with the following:

“ing the same duties and functions, and with the approval of the Lieutenant Governor in Council of Quebec where such powers, duties and functions relate to regional development in Quebec, the Minis—”.

[*English*]

Mr. Werner Schmidt (Okanagan Centre, Ref.) moved:

That Bill C-46 be amended by deleting clause 9.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ) moved:

Motion No. 7

That Bill C-46, in Clause 10, be amended by replacing line 36, on page 5, with the following:

“10. With the approval of the Lieutenant Governor in Council of Quebec where the powers, duties and functions assigned by subsection 4(2) relate to regional development in Quebec, the Governor in Council may make”.

[*English*]

Mr. Werner Schmidt (Okanagan Centre, Ref.) moved:

That Bill C-46, in clause 10, be amended by replacing lines 37 to 41, on page 5, with the following:

regulations for carrying out the purposes and provision of section 8.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Madam Speaker, I have the pleasure to speak to Bill C-46 on behalf of the Official Opposition, as its critic on regional development.

There are at least two major elements at stake in this bill to establish the Department of Industry. The first one concerns jurisdiction over regional development, while the second one has to do with whether or not duplication will be perpetuated in government management.

At report stage of Bill C-46, an Act to establish the Department of Industry, the Bloc Québécois proposes that clauses 8, 9 and 10 be amended by inserting, at line 21 in clause 8, line 21 in clause 9, and line 36 in clause 10, the following: “With the approval of the Lieutenant-Governor in Council of Quebec when it is a field related to regional development in Quebec —”

What does that mean? It means that the federal government does not have jurisdiction over regional development in Quebec and that the province is the only one with the authority to define policies and set up structures in that field.

(1030)

The constitutional coup against Quebec represented by the Constitutional Act dated November 5, 1981, to which Quebec never subscribed in spite of the fact that it represents one quarter of the Canadian population, allowed the federal government, by claiming it had jurisdiction regarding regional disparity, to give

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itself unlimited spending power and therefore also give itself every power concerning regional development.

The 1982 unilateral patriation of the Constitution is federal interference in Quebec's regional development since, as you all know, regional economic development is not a jurisdiction included in the 1867 Constitution.

Bill C-46 is a logical follow-up to the Constitutional deal which was struck in November 1981. It is part of the plan of the Liberal Party of Canada to isolate Quebec, to direct the economic development of Quebecers and to deny their distinct identity by making Quebec's development contingent on federal regional development policies.

In Bill C-46, the government has irresponsibly chosen to ignore Quebec's regional development policies and structures. Unconcerned about duplication, although the party in power, the Liberal Party, admits duplication exists because it wants to eliminate duplication and overlap, in this case they have made it abundantly clear that they want to preserve this duplication by refusing to recognize Quebec's sole responsibility for regional development. They prefer to ignore existing duplication and overlap just as they prefer to ignore the wasteful spending of public funds. The Minister of Industry and his Liberal colleagues want to increase their interventions in Quebec through this bill.

In section 9(1)(a) and (b) it says that the Minister of Industry, and I quote:

—with respect to regional economic development in Quebec,

(a) in co-operation with other concerned ministers and boards and agencies of the Government of Canada, formulate and implement policies, plans and integrated federal approaches;

(b) co-ordinate the policies and programs of the Government of Canada;

I think we can clearly interpret this as a full scale invasion of regional development in Quebec and a federal takeover of development and policies in this area.

However, the government party must realize that for decades, Quebec has had regional development programs that were far more effective than federal intervention has ever been in this area.

The federal Liberal government, with its two-fold obsession with developing the industrial centres of Quebec's metropolitan areas while ignoring the rest of the province, and with spreading the federal, centralist gospel right and left, without any policies for co-ordinating the interests of those concerned, has often acted in ways that have proved disastrous for Quebec's peripheral regions.

Madam Speaker, in this House I had an opportunity to refer to an impact study of federal regional intervention policies in Quebec, policies that, because of this intervention focussed on large urban centres, have had a devastating effect in the regions, since we now see that peripheral regions throughout Quebec

have lost their young people and experienced a decline in population.

In its second report, the Conseil des affaires sociales du Québec pointed out that the situation was disastrous in all Quebec's peripheral regions. The number of municipalities and peripheral regions where the population has declined increased to an alarming extent between 1971 and 1988, when federal intervention in regional development was at its peak—in other words, the better part of the period when the Liberals were in power in Ottawa—so that today, they outnumber communities experiencing population increases. Young people are the first to leave their regions for the big urban centres.

(1035)

That is the result of the federal regional development policy. In the Gaspé, the Magdalen Islands and other rural areas of Quebec, solidarity movements have sprung up to restore hope to local communities and begin work on comprehensive, integrated development. They include, among others, Coalition urgence rurale, Ralliement des Gaspésiens et des Madelinots and Rural Solidarity. The numbers and types of development partnerships are increasing.

Businesses, unions, local authorities, and the co-operative movement no longer hesitate to take charge of their own development. These players have sought, when appearing before forums such as the Bélanger-Campeau Commission, to promote the idea that, for instance, control of economic development levers must rest with Quebec and that decision-making powers must be decentralized, and to obtain a consensus in this regard. The major consensus that has emerged fits in with regional development in Quebec, and there is growing consensus that the federal government should be told clearly to withdraw from regional development, an area in which it does not belong.

As I have already mentioned, regional development is not a separate area of responsibility in the Canadian Constitution, thus forcing Quebec to take part in unending and fruitless negotiations such as those involving the regional economic development agreements. Bill C-46 confirms the federal government's determination to take over regional development in Quebec.

It also points up the stupidity and waste of such an insistence on interfering, which leads to still more duplication and overlap. Let me give an example. Under section 9(1)(b), the Minister of Industry, through the responsible minister in the Federal Office of Regional Development—Quebec, shall collect, compile, analyse, coordinate and disseminate information with respect to regional economic development in Quebec, thus enabling the federal agency to undertake a series of studies and analyses with the purpose of defining socio-economic profiles for each region of Quebec.

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Studies released by the FORDQ in November, a few weeks ago, studies that were a total waste of time and which were conducted on a region-by-region basis in Quebec, are examples of a monumental waste of money and energy, because it so happens that Quebec has produced its own studies and analyses on each region of the province this past year, in preparation for regional strategic development plans. I have perused the studies released by the office and noticed that the Federal Office of Regional Development—Quebec had wasted money, using the same statistics and reaching the same conclusions, region by region.

Since such studies cost money, this confirms that this government is ignoring what Quebec does in that area and spends money needlessly on duplicating studies that have already been done. To conclude, the federal government must withdraw from regional development and recognize that Quebec only has jurisdiction over economic development on its territory. That is what our amendment, the Official Opposition amendment, is about.

[*English*]

Mr. Werner Schmidt (Okanagan Centre, Ref.): Madam Speaker, I am very pleased to enter the debate at this time. If I understand correctly procedurally we are debating Motions Nos. 2 to 8. Is that correct?

The Acting Speaker (Mrs. Maheu): That is right. We are debating on the group of motions. Since you are one of the proposers you can have the floor.

Mr. Schmidt: Madam Speaker, I will address very briefly the particular motion that was just presented. I will put my interventions primarily in terms of our reasons for presenting the motions we wish the bill be amended to meet. I would like to focus and couch my remarks in terms of three principles.

(1040)

First, there ought to be within legislation checks and balances to ensure openness, honesty and integrity on the part of government and on the part of the ministers who bring about the implementation of government policies.

Second, it is the marketplace that should determine winners and losers in business, not government.

Third, the government's role is to provide a level playing field so that competition can be equal, that there be fair administration and that the refereeing be done in such a way that the conduct of manufacturing, trade and commerce is in fact fair and equitable.

The result of these kinds of principles would be to develop confidence in business and government and of course in oneself. It would enhance international competitiveness for the nation and for individual businesses. Another consequence is the

ability to meet the challenge of a new economy which is so necessary.

The Department of Industry is a major and very important department in this government. It has a wide ranging impact on the economy of this country and indeed on the jobs and on the welfare of many Canadians at all age levels. It is important that we recognize the significance of this department.

This legislation enshrines and should enshrine in this department as much scrutiny as possible so that we can determine precisely what is or is not meant in the particular clauses. This is why I wish to address these particular motions whereby we want to bring about certain amendments.

I wish to start with the amendment to clause 8(a). Our amendment proposes that clause 8(a) be deleted. Now clause 8(a) reads that the minister shall: "promote economic development in areas of Ontario and Quebec where low incomes and slow economic growth are prevalent or where opportunities for productive employment are inadequate".

The reason we would like to see that stricken from the clause is that in principle we object to the idea of regional development for a minister who has responsibility for all of Canada. There is a conflict of interest here in principle to begin with. One should not prefer one region of the country over another. Certainly that is implicit in this kind of provision.

Regional programs have proven to be preferential and the way in which certain pork barrelling projects have been created, many of them questionable and sometimes with disastrous results. The government being engaged in these types of things separates regions in one area of the country from another. That in itself is disunifying. It divides the country rather than brings it together, which is what we want to do. I personally and the Reform Party want to bring about equality rather than divisiveness. In order to accomplish that the provision in the act found in clause 8(a) needs to be taken away.

With respect to clause 9, our proposal is to delete the clause completely. That of course is the administrative, or if you like, the empowerment section which gives the minister the way in which he or she would implement the provisions found in clause 8(a). By eliminating that clause the minister would not have the authority to go into regional development specifically in Ontario and Quebec.

Our amendment with respect to clause 10 is simply an administrative one. If we eliminate clause 8(a) and we eliminate clause 9, then of course we have to make the consequential change in clause 10.

There is a confusion in the provisions of clauses 8(b) and 8(c). Upon initial reading it would appear that they would apply to clause 8(a) in terms of Ontario and Quebec. But upon a more detailed reading and in an in depth situation they could be

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interpreted as applying to all of Canada. In that case the situation is such that the minister may now have full responsibility for the economic development in areas where there is low income or where jobs are not plentiful. He can then intervene in the particular business promotion in any area of Quebec.

(1045)

Because of its lack of clarity it is suggested that this be rewritten in such a way that misinterpretation cannot take place. If clause 8(a) is deleted then the clarification becomes unnecessary because it is then obvious.

To conclude my remarks on these motions, this section on regional development does not uphold the three principles which I mentioned earlier. It does not inspire Canadians to feel that their government is open, honest and possessed of great amounts of integrity. It does not provide for a level playing field in the marketplace and it does not provide for a clearly refereed game.

It does not allow the marketplace to determine the outcome. In other words, it gives to the government and to the minister, in particular, the power to intervene and to determine who wins and who loses. Because these principles are not observed we must recognize that we should go ahead with these. I hope that all colleagues will recognize that certain changes to the act must be made.

I would like to add a brief word about the Bloc's amendment. If clauses 8(b) and 8(c) are interpreted to give to the minister the wide-ranging powers for all of Canada, to accept an amendment such as was proposed by the Bloc a moment ago would give to the lieutenant-governor in council in Quebec the right to approve or disapprove economic development in the rest of Canada which, as far as I am concerned, warrants only one word to describe it, and that is ridiculous.

We have to be very careful that we not divide the country. We have enough stress already and to do something like this adds to that stress. If there is one thing we want to do it is to build a strong Canada that is competitive in the world, a Canada that provides for the innovation of people, that provides for a level playing field, that allows the creativity of entrepreneurs and creators at all levels to succeed, and to do so in fair competition with other individuals across Canada. No one province, no one individual should have the authority to decide who wins, who loses, other than on a fair playing field where the referee is honest, has integrity, is open and where the things that matter come to the fore.

Therefore, I urge that the Bloc's amendments be defeated and that the Reform Party's amendments be supported.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, I would like to begin by

addressing the remarks that were presented earlier by my colleague from Richmond—Wolfe.

His remark that the federal government has no jurisdiction in Quebec represents a difference that I have with him, one that probably represents the single biggest reason why I decided to run for public office.

I had the privilege and pleasure of working for the man who I think was the greatest Prime Minister this country every had, Pierre Elliot Trudeau. I believe that Pierre Trudeau and his vision of this country, his feeling about making sure we had a strong national government that would make sure we had national programs that would allow us to develop a national spirit, a national will that would pull us together. He also wanted a government that was designed to make sure that when regional disadvantages occurred, the national government had the capacity and the instruments to help those people in regionally disadvantaged areas.

(1050)

My colleague from Richmond—Wolfe says that the federal government has no jurisdiction in Quebec. Let us imagine that every provincial premier or every provincial political party took that position. That was the essence of the Meech Lake accord which is why I opposed it.

For the Bloc Quebecois to expect the government to support an amendment which essentially states that the federal government has no jurisdiction in Quebec is just not on. I believe that a majority of Quebecers would not support it either.

I accept the constructive remarks of the hon. member for Richmond—Wolfe about the fact that we have to be more efficient. We have to reduce some of the overlapping that goes on between the federal-provincial programs so we can better provide services for the people of his community, his province, as we want to do for the people in northern Ontario or Atlantic Canada or western Canada. I agree with him on that. The purpose of this bill is to redesign this department so it can become more efficient and address those concerns.

However, to go to a position where the federal government has no jurisdiction in Quebec, no jurisdiction when it comes to looking out for small and medium sized businessmen and women, no jurisdiction on retraining, no jurisdiction in special projects is not my position. From time to time we may need to use extraordinary powers to assist and promote special projects in Quebec and that is what this bill allows the government to do.

I am in this Chamber because I believe more than ever we need a strong national government. We do not need a government that is gutted. We do not need a government that is decentralized to the point where we no longer have the capacity to handle a difficult economic environment. Therefore I say respectfully there is no way we can accept this amendment from the Bloc Quebecois.

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I turn now to my colleagues in the Reform Party, who I should add are in accordance with our view of making sure that we have a strong national government. They have recognized that. This is not in any way, shape or form isolating Quebec. I get very concerned when the Bloc all of a sudden thinks that we are trying to isolate them. We are trying to do the exact opposite. We are trying to make sure that all Quebecers, all Canadians, interact and exchange with each other on the total resources of this country, not just part of it.

(1055)

Reform members have a very difficult time with some of our regional instruments like the Atlantic Canada Opportunities Agency and the western diversification instrument of government. In every high risk situation it is normal and historical, whether in business or in government, that from time to time mistakes are made and there are failures. It happens in business—

Mr. Hermanson: Especially when government is involved.

Mr. Mills (Broadview—Greenwood): Madam Speaker, I am trying to make my point. I think—

Mr. Hermanson: Who pays? The taxpayer pays.

Mr. Mills (Broadview—Greenwood): I am going to tell you who pays.

The essence of this country is those communities that are stronger, that are richer—I come from a city which is strong and rich but right now it is in economic difficulty. It is the city of Toronto. I know that my community, my city is having a very difficult time—believe that we must make sure that communities that are more disadvantaged are looked after properly and effectively by the national government.

I believe that ACOA and the western diversification fund are doing a very good job. For those reasons we will not support the Reform Party's amendments.

[*Translation*]

Mr. Bernard Deshaies (Abitibi, BQ): Mr. Speaker, I wish to thank the hon. member who spoke before me for recognizing his government's clear identification of the need for a strong central government with an unshakeable desire to impose its will. Such a federal government, as proposed in the Meech and Charlottetown accords, was rejected not by a minority but by the majority of Quebecers, including federalists unhappy with the status quo.

I rise today in this debate on Bill C-46 so that some key amendments will be made to Clauses 8, 9 and 10 to make them acceptable. As I explained at length on October 17 during debate at second reading, I am against this bill as it stands because it does not recognize Quebec's jurisdiction over its regional development.

Granted, regional development is a complex issue. Identifying the regions to be developed is a major challenge in itself, all the more so if we try to do it from afar, without knowing each region's particularities.

This federal tactic of trying to develop regions by centralizing policy-making is not new and was not always successful. As early as September 1982, the Senate Committee on National Finance said this in a report: "Designating the least developed regions for special status to ensure that regional disparities are not forgotten is not an easy task. As DREE discovered, a political system generates enormous pressures to extend the boundaries of programs that generate cash flow. As a result, DREE ended up including more than half the geographic area of the country in the designated areas, and the purpose became hopelessly diluted".

Why these lamentable effects? Quite simply because the federal government is unable to understand that, with general policies, it cannot meet the specific needs of each province, much less the specific needs of each region.

It is utopian to pass a bill at the national level to meet particular local objectives. Instead, we need legislation that is appropriate to the development of the province concerned, with the flexibility to respond to regional requirements.

(1100)

Quebecers see their needs for regional development very differently depending on which region they live in. I suppose that is why previous legislation created different development agencies for western Canada and for the Maritimes. That is why we believe that Bill C-46 must be related to Quebec's regional particularities and to Ontario's as well.

The need to develop a region is often related to its unemployment level. Unemployment is higher or lower in some regions for various reasons. For example, high unemployment may be due to lack of education in a region and the solution will be to train the workers there.

A second possible reason for the lack of jobs is a shortage of capital to modernize industry. This can be corrected by investing in industrial or tourism infrastructure.

A third possibility is lack of natural resources, for example, over-exploitation of forests in the past. This is what happened in my region and it must be corrected by diversification to stabilize regional development.

However, the solutions are sometimes hard to find. For example, take the price of metals on the international market. For example, if the price of copper drops, this reduces employment in the affected mining region, but the solution is not to keep mines open at all cost.

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How can we protect or develop a region where companies have a harder time to survive in the context of international free trade? For example, in the case of Montreal's textile industry, the solution could be found by that industry and its workers, with the help of regional development consultants.

These examples show that, for optimum results, solutions to regional development issues must be found in the region itself. This is why we insist that federal bills reflect a will to co-operate with the provinces.

Quebec developed its development tools and these tools are close to the stakeholders. Consequently, we feel that the federal government should also adopt this cost-effective approach, by increasing development tools instead of reducing them.

Lines 21, 22 and 23 of Clause 8, on page 4 could provide a good example of efficient co-operation between the federal government and the provinces. That clause currently reads as follows: "The Minister shall exercise the powers and perform the duties and functions assigned by subsection 4(2) in a manner that will—", but it should say: "With the approval of the Lieutenant-Governor in Council of Quebec"—we could also say Ontario, since this bill concerns both provinces—"when it is a field related to regional development in Quebec, the Minister shall exercise the powers and perform the duties and functions assigned by subsection 4(2) in a manner that will—".

We want to link regional development to the power of Quebec to decide and the power of regions to select priorities. The amendment to clause 8 is intended to reflect respect for the strategic development plans of the regions in Quebec and should apply to all regions in Canada. We have had enough of this competing by various levels of government at the expense of the regions, because we want to eliminate waste and inefficiencies.

In my own region, considering the unemployment rate and the exodus of our young people, there is a very clear case for making proper use of any instruments we are given and for avoiding federal products that are not adapted to the needs of the region.

In the past few months I talked to senior officials at the Federal Office of Regional Development about the need for reviewing the agency's 1994-95 priorities for our region.

Their new focus is to promote entrepreneurship that will use new technologies to create jobs. There is nothing wrong with that, but this should not be done in total disregard of the choice made by our region, which wants to focus on infrastructures for tourism. The Abitibi-Témiscamingue region wants to acquire the basic infrastructures that will attract tourists to our region for more than a few hours. People have to travel long distances

to get there, and we could sell our region if points of interest were sufficient to make a stay of several days worthwhile.

(1105)

Tourists will not drive 600, 700 or 1,000 kilometres just for the sake of driving. The FORDQ previously subsidized tourism facilities which, it felt, contributed towards developing the economy, but now its focus has changed. Other priorities may be acceptable, but the region's decision to set a priority on the tourism industry should be supported by the federal government and the regions should not be saddled with priorities that are not often acceptable.

People in the community of Radisson near James Bay do not see how the new focus of FORDQ would fit their situation. The only development they could sustain is tourism. They have neither the population base nor the industrial environment for these new development priorities and new technologies. Let us be practical and use the tools we have.

The people of Radisson want to use the far north as a tool to attract adventure tours and other types of tourism. The federal government should realize that the intent of our motion to amend clauses 8, 9 and 10 is to maximize effectiveness by focussing on the needs of the community and thus promote regional development. The gap between developed and undeveloped regions is widening, because in the past, these regions did not have the right development tools.

Quebec has approved a policy to decentralize regional development. Ottawa should also agree to decentralize and consider the particular needs of each region. Regional development councils in Quebec, which include of the mayors of MRCs and regional intervenors, have already designed their own development scenarios. They know what their needs are, and the federal government should consult them so as to harmonize its projects.

I think this brief presentation has sufficiently clarified the intent of the amendments to clauses 8, 9 and 10. Failure to support these amendments will reflect the present government's reluctance to co-operate with the provinces and spend the scarce amount of funds available more effectively.

[English]

Mr. Mills (Broadview—Greenwood): Madam Speaker, as I was listening to the member for Abitibi I imagined that this member could actually be giving this speech from any region of the country. He talked about the importance of tourism, education, enough capital coming to a region, proper and efficient utilization of our natural resources—

The Acting Speaker (Mrs. Maheu): The hon. parliamentary secretary has already spoken on this group of motions and I

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would now like to recognize the hon. member for Fraser Valley West. We can intervene only once on each group of motions.

Mr. Randy White (Fraser Valley West, Ref.): Madam Speaker, the hon. member's speech probably would have been so good I would have been happy to let him speak for a little longer—

Mr. Mills (Broadview—Greenwood): We could get unanimous consent.

Mr. White (Fraser Valley West): You will not get my consent to speak in my spot.

Yesterday we talked about regional development grants in the House. Yesterday we heard a member of the Liberal Party taking credit for the great growth in the economy since the Liberals have been elected.

I reminded the hon. member that this is really the business cycle, the natural business cycle in this country that is taking place. This government should in no way take credit for what is a natural business cycle. Of course the comment—

Mr. Mills (Broadview—Greenwood): We don't take any blame either for anything.

Mr. White (Fraser Valley West): We will give them the blame. They are suggesting that they should not get the blame but we will give you all sorts of blame in some areas.

This is a natural business cycle, my point being that as we stand here in the House of Commons taking credit for how well things are coming along the average taxpayer out there who is getting hit harder and harder and has less and less money looks at us on television and these other ways of communicating today and wonders what in the heck is going on in the House of Commons. These politicians—

Mr. Mills (Broadview—Greenwood): We wonder where you got that tie, Randy.

Mr. White (Fraser Valley West): You see how important this is, Madam Speaker. The Liberals are at me for my tie. Rome is burning and they are at me for my tie.

(1110)

My point is that while we talk about taking credit for business cycles and so on, Rome is burning to some extent. The average taxpayer is wondering what these federal politicians are really doing in Ottawa.

Yesterday I also heard comments in the House from one of our colleagues in the Liberal Party who was very concerned about my criticisms of ACOA, the regional development agency in Atlantic Canada. The comment was Reformers do not like

Atlantic Canadians because we have the audacity to complain about regional development grants.

The relationship between complaining about grants and not liking a certain region is ridiculous. Yesterday I heard from one of the Bloc members: "You had better be careful what you say about the east; you are talking about FORD—Quebec". It is not about the people and where they live. It is about how much money we have in this country.

Today we hear about the federal government's central control over regional development, about the funds that are going its way. We also hear the PQ, the separatists, talking about how this is so much of a waste: "We are doing it in our province anyway and the federal government is wasting its".

We hear the Liberals saying they are going to keep it the same and big daddy is going to hand out all the regional development grants to everybody.

What people are hearing from the Reformers is the logical approach. Should we be handing out in excess of \$1 billion a year in regional development grants when we are overspending by \$40 billion a year and we have a \$530 billion debt load? We have to get some priorities in place.

The people watching and listening must think this is all a nightmare. We are talking about giving moneys out to regions and the amounts given out are not small dollars. ACOA, the Atlantic Canada Opportunities Agency, is over \$375 million a year, FORD—Quebec is in excess of \$437 million a year and western economic diversification is \$452 million a year.

We have to borrow this money to give out. We are saying let us be a little more realistic here, folks. We have to cut back, if not over a period of time eliminate this. I have some ideas on where to eliminate. I will show today some of the ridiculous grants that have been given out by this government—

Mr. Mills (Broadview—Greenwood): Madam Speaker, I rise on a point of order. I do this with respect. The member knows of my affection for him. However, I am having a difficult time linking the relevance of what he is saying to the actual amendment. I would ask for clarification on that.

Mr. White (Fraser Valley West): Madam Speaker, I am surely not required to give an explanation to somebody from the Liberal government on how I express—

The Acting Speaker (Mrs. Maheu): I am sorry. The hon. member should, however, be relevant.

Mr. White (Fraser Valley West): Madam Speaker, I just heard these people here, these separatists, talking about regional development. That is what I am talking about. I am not going to stand here and justify to a member, Madam Speaker. I can justify to you. This is about regional development and that is what I am

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going to talk about whether this government likes it or not. I will continue my speech on regional development if the member does not mind. I hope this time is added on to my speech.

The concept of regional development is what we are talking about here. We will try to get a concept through these minds here. As I understand it and as the Auditor General has so reported the concept, it is to support and promote the opportunity for economic development, to foster development of entrepreneurship, to increase the rate of new business formation and to improve competitiveness of small and medium size business.

(1115)

I find the concept of entrepreneurship and government sponsored dollars incompatible. That is something this government has to learn as well.

For instance I have been tracking some of the payments made by this government. There is an individual who has received the entrepreneur of the year award in one of our great provinces. He has received something like seven or nine grants from one of the regional economic development programs. I find that hard to understand. It is an oxymoron. To be the entrepreneur of the year and have the government shovel money your way just does not fit, but I do not think this government understands this.

Mr. Mills (Broadview—Greenwood): You do not understand that?

Mr. White (Fraser Valley West): As far as the value to industry, this is an industry bill. I am still relevant, am I Madam Speaker? I am just making sure.

I have a great deal of difficulty with the concept of regional development in industry and shelling out the dollars. We have to start eliminating these four regional development programs. This government is handing out \$1.4 billion a year and a lot of that is shelled out not for the concepts I talked about. It is not necessarily for fostering entrepreneurship. It is not necessarily to increase the rate of new business formation and improve competitiveness. In fact, improvement of competitiveness philosophy really does not work at all in some cases from regional development grants.

For example, there are some regional development grants given by this government to motels and inns across this country, but the trouble is it gives to one and not to another. How do we get competitiveness by giving a grant on the backs of the taxpayers to one and not to another? I do not understand that philosophy at all.

Members of the Liberal Party stand in the House and say: "Big daddy is going to pass out your money", and another party says: "You should not be doing that. We have our own. You are wasting the money". Rather than doing that, maybe for a moment they should consider phasing them out. If a government

has to borrow from Japan, Germany or the United States to hand this money out it should really consider its management style.

Mr. Mills (Broadview—Greenwood): I cannot believe you are saying this.

Mr. White (Fraser Valley West): Well I am saying it and I mean it.

Mr. Stinson: And the taxpayers mean it too. They are tired of it.

Mr. Mills (Broadview—Greenwood): You guys are missing the point.

Mr. White (Fraser Valley West): What about the young people coming behind us? What about the debt load we have taxed to these people? What about the taxes the small business person is paying? What about the interest that Canada itself must pay to pay back the debt? It is all borrowed money on the backs of the taxpayers and the young people so that this government can shell out \$1.3 billion a year to regions.

Do we need grants? Why do we need grants? Why do we need regional development? Regional development is important. But to the Liberal Party regional development means shelling out dollars to those you know. Next week in this House of Commons I will be disclosing some of those they know who get money.

Mr. Mills (Broadview—Greenwood): What would you do? You say it is important. But what do you mean by that?

Mr. White (Fraser Valley West): Only when it is absolutely necessary should the government be in the business of private industry.

Mr. Mills (Broadview—Greenwood): Give us an example.

(1120)

Mr. White (Fraser Valley West): Madam Speaker, not to expand a tea room for \$99,000. They call that regional development and it is not. Not to modernize a campground and facilities. That is up to the owner with his profits. It is up to the individual to expand in regional development.

Finally, this government really does not have a clue on regional development. We heard the separatist party here talking about what is wrong with it and we are saying the government cannot afford it. And I think I was relevant.

The Acting Speaker (Mrs. Maheu): I would like to remind members that Motions Nos. 2, 3, 4, 5, 6, 7 and 8 will be grouped for debate but voted on as follows:

A vote on Motion No. 2 applies to Motions Nos. 4, 5 and 7. An affirmative vote on Motion No. 2 obviates the necessity of the question being put on Motions Nos. 3, 6 and 8. On the other hand, a negative vote on Motion No. 2 necessitates the question being put on Motion No. 3. A vote on Motion No. 3 applies to Motions Nos. 6 and 8.

Is the House ready for the question?

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Some hon. members: Question.

The Acting Speaker (Mrs. Maheu): The question is on Motion No. 2. Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 76(1)(8) a recorded division on the motion stands deferred. The recorded division will also apply to Motions Nos. 4, 5 and 7.

Mr. Werner Schmidt (Okanagan Centre, Ref.) moved:

Motion No. 9

That Bill C-46 be amended by deleting Clause 14.

He said: As with respect to our amendments to clauses 8, 9 and 10, we wish to address the amendment to clause 14 with the same kind of principles we used to evaluate and analyse the others.

In particular, we want to suggest to the House again that it is the obligation of government and it is and should be the intent of legislation to provide checks and balances to ensure openness, integrity and honesty in the performance of the duties and responsibilities incumbent upon government.

Second, the marketplace should determine winners and losers, not the government or intervention by government or its ministers in that marketplace.

Finally, the role of government is to provide a level playing field so that competition can be equal, fair and on a level playing ground so that the refereeing of the game of business is in fact conducted in a manner that provides success for as many as possible.

The results of the application of these principles is confidence for business and government and it certainly enhances the international competitiveness and the ability to provide for changes in the new economy that is coming.

I wish now to address the particular amendment to clause 14 which really is to eliminate and delete from the bill the total clause. There are a number of reasons we would like to propose that clause 14 be deleted from the bill.

Clause 14 gives to the minister a tremendous range of powers. May I just quote briefly from the provisions of the bill. The bill suggests that the minister under this act may:

- (a) make loans to any person;
- (b) guarantee the repayment of, or provide loan insurance or credit insurance in respect of, any financial obligation undertaken by any person; and
- (c) make grants and contributions to any person.

(1125)

The broad range of power given to the minister under this section is such that it makes it possible for that minister to intervene directly in the marketplace on behalf of or against any business or individual or group of persons, organizations or associations.

We believe that that provision is most objectionable and must not be allowed to stand. It allows the minister or through the minister under certain conditions that follow in the other sections the cabinet to pick winners and losers in the economy.

The authority violates a fundamental principle of openness, honesty and integrity. As we know, and history has shown over and over again, power tends to corrupt and absolute power tends to corrupt absolutely.

The provisions of this act are such in this clause that the minister can without reference to anyone do the kinds of things we talked about: make loans, give grants and things of this sort.

The government's role is to regulate the marketplace so that it is level but not to intervene and choose winners and losers by that intervention. If business is to succeed then it must be allowed to do so without having competitors gaining unfair advantage as a result of government intervention of one kind or another, particularly when it has to do with monetary assistance in particular areas.

If a business or a business sector is going to fail, it should do so because it lacked the competence or for some other reason it did not succeed. The government assistance should not be used to prop up a business that cannot survive in its own right. If the only way a business can survive is by government intervention and by shoring it up then indeed that business is of questionable integrity and questionable work in the economy.

I would like to refer particularly to what can happen when government intervention of this kind takes place. I refer here to the 1993 Auditor General's report with regard to the then Department of Science, Industry and Technology now known as the Department of Industry.

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There we have a very interesting situation. In 1985, the cabinet authorized the Minister of Finance to provide an equity injection into the Federal Business Development Bank to enable that bank to purchase a \$69 million special issue of preferred shares.

Subsequently, that was increased to \$79 million, only \$10 million more. The investment of the company was made pursuant to a directive of the governor in council and executed by the Minister of Regional Industrial Expansion, then Industry, Science and Technology and currently Industry. It was done under this clause and a subsequent clause in section 14.

On October 26, 1986, the government signed a share subscription agreement with a company for a two stage \$260 million plant modernization project.

The information provided to cabinet for its approval on October 7, 1986, identified a specific Russian technology for the project. This technology was described as the newest and best available in the world. The company decided to switch from the Russian technology to new German technology which it purchased in September 1986.

Cabinet was not informed of the major change in this project. What was the result of all of these kinds of changes? The company's new plant using the German technology attempted startup in December 1989 and suspended operation in March 1990.

In December 1992, two years later, the company advised the Department of Industry that it could not complete stage one before December 31, 1992, for reasons beyond its reasonable control thereby suspending its obligation under the agreement.

In 1990 the department estimated that the Federal Business Development Bank was unlikely to recover its investment or earn any dividends. To date, the bank has received no dividends. In fact the Federal Business Development Bank wrote that particular investment down to zero. The agreement, however, remains in force until the year 2006.

(1130)

The company's audited statement of total capital expenditures for the project at May 31, 1990 indicated that the company had incurred costs of \$161 million. With \$134 million that came from the federal government and some from the British Columbia government, the company was out of pocket \$27 million and then only because of cost overruns. Had these cost overruns not occurred, the company's share in the project at that point would have been zero.

That is not the way to use taxpayers' money. The emphasis on it being best left to the private entrepreneur is the principle the government should observe and not use tax dollars to do these kinds of things. This clause of the bill should be deleted.

Many of the clauses are unclear. They are intrusionary. They are elitist. They allow the government and the minister in particular unlimited opportunities to interfere in the free market, and the cabinet as well under another section. In my remarks

today I have shown that the legislation needs clarification. There are things that should be deleted from it. There are powers that should be circumscribed; the minister and the cabinet should not have these powers. They unbalance the very fundamentals of our economy and can strangle our treasury, as was already indicated in the Auditor General's report.

We should get to the point where the government does not take winners and losers but in fact develops a level playing field. The Department of Industry can be the department to bring about a strong engine that will drive the economy and bring about a balanced budget. That is what the department should do. However the way to do that is not by intervening directly in the marketplace through particular regional development programs or by providing loans, grants and subsidies to industries. The minister has the right to do this for any particular person and is not obligated to require that certain conditions be met for those loans.

At this point the legislation, the way it is being proposed, needs to be amended as we have suggested.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, my Reform Party colleague from Okanagan made so many assertions in his speech that I do not know where to begin. I challenge his statement that this clause works against open government.

That is just not so. In his discourse the member referred to detail about the Federal Business Development Bank. It was proof of public accountability for nearly every transaction that goes on in government and specifically in Department of Industry. The blue book details—and the people of Canada should know it—every decision and every taxpayers' dollar spent by this department.

To suggest that clause 14 allows the Minister of Industry to go around with a chequebook in his pocket so that if he happens to run into somebody he likes or he thinks has an interesting idea he can write a cheque is not what it is all about.

This clause is about our space arm. Spar Aerospace was an example of the taxpayers of Canada investing approximately \$140 million in 1979, 1980 and 1981. When that arm opened in outer space and the word Canada was on the side of it, I do not think there was a Canadian who said anything other than bravo. Today that space arm technology has brought the country a tenfold return.

(1135)

What about the McCains? The Reform Party member said we should listen to private entrepreneurs. That is an example of a private entrepreneur in Atlantic Canada who got his \$4 million kickstart from the Government of Canada in a DREE loan. Right now he is employing close to 20,000 Canadians in every region of our country, all the way from processors to marketers to packagers to truck drivers and so on. He is a private entrepreneur and has paid back in tax dollars and employee tax dollars a thousand times the investment. What about Bombardier? It is

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selling monorails all over the world right now. It is doing all kinds of stuff.

I will talk about a personal experience I had. I was involved with a company called Magna International that received taxpayers' money. It not only paid it all back but this year it paid the treasury \$145 million in tax. It employs 20,000 people and is flying. The company needed it. It was the story of an entrepreneur getting a bit of a push for his idea, his technology. That company makes the best automotive product at the most competitive price and is recognized as one of the leaders in the world.

What about Northern Telecom? What about MacMillan Bloedel in western Canada? What about the oil and gas industry? These are concrete examples of entrepreneurs, men and women, who went through due process and received taxpayers' money.

There is another thing Reform Party members do not understand. They think if someone has an idea he or she knocks on the door of Industry Canada and there is a cheque writing machine there.

I like to think I am an entrepreneur. I find the whole process of dealing with bureaucrats to be very frustrating. They want paper and more paper. They want to make sure the promised job creation objectives are being met with the taxpayers' money. They come in and do audits. There is scrutiny beyond imagination.

I would be the first to admit that the Government of Canada has made mistakes from time to time. If they add the last 20 years of taxpayers' money invested in R and D, in new technology and in regional development projects versus the return, Reformers would suddenly come across the Chamber and join us.

Mr. Stinson: Then why are we so far in debt? Why is the country so far in debt?

Mr. Mills (Broadview—Greenwood): Madam Speaker, I want to take a minute to answer the question about why are we so far in debt.

We should not be punishing or casting aspersions on entrepreneurs who have had some financial support from the Government of Canada and have more than paid back the investment not only in terms of payback on loans but also in taxes. It is not relevant but I will deal with the member's question. Why the debt? They should not hang the debt on the entrepreneurs of the country. If that is what the Reform Party is doing now, hanging the debt of the country on the entrepreneurs, the small and medium sized business—

Mr. Stinson: No, it is your policies.

Some hon. members: Oh, oh.

The Acting Speaker (Mrs. Maheu): Would the hon. parliamentary secretary continue.

Mr. Mills (Broadview—Greenwood): Madam Speaker, it is interesting to hear the Reform Party. We have been in the House one year and now the Reform Party is against entrepreneurship.

(1140)

Mr. Schmidt: We are against your pork barrelling. That is what we are against.

Mr. Mills (Broadview—Greenwood): I quote directly from the member's speech: "Government assistance should not be used if a company cannot make it on its own".

There is not a single entrepreneur in the country, whether it was through the tax act, some form of grant, loan assistance or whatever, who has not received some sort of recognition and support from the Government of Canada or the various provinces.

All they have to do is look at the tax act of Canada to see \$40 billion worth of tax grants buried there. Most of them are going to businesses in the member's riding and now he is against entrepreneurship. We will not support this amendment.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Madam Speaker, I am a little surprised to hear what the hon. member from the Reform Party had to say immediately after the speech the hon. member for Fraser Valley West had given, emphasizing that the government was to step in only when necessary. He was in fact leaving the door open to some government involvement, while in the amendment and the remarks made by the hon. member for the Reform Party who spoke just before me, the door is totally closed.

Deleting, in Clause 14, lines 19 to 47, on page 7, and lines 1 to 8, on page 8, is absolutely unthinkable, as far as we are concerned. Let me explain. Again, this Reform Party proposal shows that this party is totally out of touch with economic reality. It cannot conceive the role of the State as that of an economic leader, a developer. It sees it more as a wait-and-see role, if not that of a killjoy.

By deleting large portions of Clause 14 which enables the government, through its Minister of Industry, to influence small and medium size businesses to facilitate the implementation of programs or projects under the act, the Reform Party shows, once again, its commitment to fostering wild liberalism: "Let us go. We will see where it leads us".

The Bloc Quebecois can only condemn such an attitude, an attitude of permissiveness with respect to the market economy. You cannot just say: "Go at it, any which way you want". I think that the State has a role to play as an economic leader, and a

promoter of development. I think that is part of the responsibilities of the State.

Therefore, we think it is essential that the government be able to have a say concerning loans that may be made, guarantees that may be given and loan insurance or credit insurance that may be provided, as stated in paragraph 14(3)(a).

Unlike the Reform Party, we feel it is also essential that the government be able to make loans and guarantee the repayment of any financial obligation or provide loan insurance or credit insurance and make grants and contributions.

The Premier of Quebec made it clear—he sent clear signals—when he said that the State must be an active player in the economy. It must not assume the role of a banker, but it certainly can guarantee repayment for SMEs, which are recognized as creating the most new jobs, to promote their development and help them face this free trade, global market, high-tech, competitive context. In a nutshell, support the development of businesses. The primary role of the state is to be an economic leader and developer.

Quebec, as we know it today, is the product of the emergence of a state actively involved in the economic development of its territory since the beginning of the 1960s. Take for example the great success of Hydro-Québec, the major role played by the Quebec deposit and investment fund and, more recently, the success of the Solidarity Fund, which go to show that the economy of the community has to be made available to small and medium size businesses, indeed, the ones that generate the most employment.

Minister Paillé has just implemented a program for SMEs, to guarantee repayment to a maximum of \$50,000 for SMEs, people who have ideas, who can implement ideas, create jobs and develop them.

(1145)

That is what we call economic support. Action must be taken to support the people who are very active in terms of development and job creation. There are many out there who have ideas and can set up businesses.

The Bloc Québécois can only express disagreement with this presentation and the Reform Party amendment. Because we recognize that any State has a role to play as a developer and must support economic development, particularly as regards SMEs, we are clearly opposed to the amendment brought forth by the Reform Party.

[English]

The Acting Speaker (Mrs. Maheu): Is the House ready for the question?

Some hon. members: Question.

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The Acting Speaker (Mrs. Maheu): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 76(1)(8) a recorded division on the proposed motion stands deferred.

[Translation]

Mr. Gaston Leroux (Richmond—Wolfe, BQ) moved:

Motion No. 10

That Bill C-46, in new Clause 21, be amended by replacing subclause 2 with the following:

“(2) The Minister shall, at least 60 days before the date on which the Minister fixes or increases a fee under sections 18, 19 or 20, cause to be published in the *Canada Gazette* and in no fewer than two leading newspapers in each province a notice clearly indicating

(a) the products, services, rights, privileges, regulatory processes, approvals or use of facilities provided under these sections; and

(b) the fees to be fixed or increased pursuant to these sections.”

He said: Madam Speaker, the Official Opposition has a pretty straightforward position on clause 21(2). Our amendment is aimed at putting things right side up instead of upside down.

This clause of Bill C-46 found in the third report of the industry committee says in part (2) that, after setting fees under sections 18, 19 or 20, the minister has 30 days to publish these fees in the *Canada Gazette* so that Treasury Board can pass regulations to authorize them.

People are notified 30 days after the fees have been set. This is totally unacceptable. This is a devious way to increase taxes without notifying taxpayers or notifying them after the fact. Something is wrong here.

We also detect an attempt to give disproportionate powers to senior officials, since this clause enables them to set fees without the approval of the House of Commons. They will simply bypass those elected by their fellow citizens to manage the affairs of state.

This provision of the bill is clearly undemocratic, in our opinion, since fees can be set without the approval of lawmakers. The doors are wide open. That is why the Bloc Québécois tabled this motion:

Government Orders

(2) The Minister shall, at least 60 days before the date on which the Minister fixes or increases a fee under sections 18, 19 or 20, cause to be published in the Canada Gazette—

Not 30 days after but 60 days before, so that we can respond and look into the matter.

Let us be serious. I am telling the Liberal government to stop using devious means to increase taxes and make all Canadians poorer.

The Bloc Québécois is simply asking the federal government to stop managing the Quebec economy, either through fee-setting policies or regional development. That is why we oppose this amendment.

(1150)

[*English*]

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Madam Speaker, the member raises a very good point here. The part of his address I want to deal with is the statement he made that this basically overrides the rights of the legislators.

Members of our statutory instruments and regulations committee brought that very point up about three weeks ago, that the flaw did exist in the bill. The government recognized this was an override. We believe our amendment deals with this in a constructive way so legislators are not bypassed. I believe my colleague critic from the Reform Party shares that view.

I want to say something to the member dealing with this whole notion of overriding legislators. The Prime Minister, whom I have had the pleasure of working with since 1980, who has come up through the ranks as a parliamentary secretary, a young MP, is very sensitive to making sure the individual roles of legislators in this House of Commons are meaningful.

The Prime Minister has stated this on several occasions. It is part of the red book. We do not come to this city day in, weekend in and weekend out, making sacrifices with our families and friends to be subservient to unelected officials or bureaucrats. That is why our committee process has reached in my judgment a new level of reform.

Our committees are almost independent now. I would not want to say we are totally independent because the government obviously has a majority in terms of the members. There is a push by the Prime Minister to encourage MPs to develop their ideas, to get control of their own agenda and do what they believe in.

I believe the amendment we proposed in committee meets the concerns the member from the Bloc raised in his address. We would be supporting our own motion and we therefore would not be supporting his.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Madam Speaker, I think we would all honour the intention of the amendment being proposed by the Bloc. I have addressed the idea of having openness. Making sure there is a certain element

of knowledge that is open and fair to everybody who wishes to have that information about fees and things of that sort is very laudable. I certainly commend that.

I do agree with the hon. parliamentary secretary to the minister that the government saw the error of its original proposal in the bill as it was originally written, bringing to the committee a whole series of amendments that I think does meet the intent of the Bloc member's comments.

There is another principle that needs to be observed. There has to be a certain freedom to do the things that are right by government. There has to be an openness. The accountability of government has to be observed.

The amendments that were proposed and accepted in committee that are now in the report of the bill that will be voted on at third reading will meet not only the intent but also the detail of the member's suggestion.

Therefore I would respectfully suggest that we all support the amendments that come out of the committee and that we defeat this amendment.

The Acting Speaker (Mrs. Maheu): Is the House ready for the question?

Some hon. members: Question.

The Acting Speaker (Mrs. Maheu): Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Maheu): All those in favour of the motion will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Maheu): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Maheu): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mrs. Maheu): Pursuant to Standing Order 76(1)(8) a recorded division on the proposed motion stands deferred.

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

Call in the members.

Pursuant to Standing Order 45(5)(a), I have been requested by the chief government whip to defer the division until a later time.

Accordingly, pursuant to Standing Order 45(6) the division of the question now before the House stands deferred until Monday at the ordinary hour of daily adjournment, at which time the

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bells to call in the members will be sounded for not more than 15 minutes.

Mr. Boudria: Madam Speaker, I think you would find unanimous consent to further defer that vote until Tuesday at 5.30 p.m.

The Acting Speaker (Mrs. Maheu): Does the hon. government whip have the unanimous consent of the House to defer the vote until Tuesday?

Some hon. members: Agreed.

* * *

STANDING COMMITTEE ON FINANCE

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Madam Speaker, I think you would find unanimous consent for the following motion:

That the Order of the House, made November 30, 1994, concerning the report of the Standing Committee on Finance pursuant to Standing Order 83.1 be amended by changing the words "December 7, 1994" to "December 8, 1994".

(Motion agreed to.)

SUSPENSION OF SITTING

Mr. Boudria: Madam Speaker, I think you would find unanimous consent to suspend the sitting until 2 p.m. this day.

The Acting Speaker (Mrs. Maheu): Is it agreed?

Some hon. members: Agreed.

(The sitting of the House was suspended at 11.59 a.m.)

SITTING RESUMED

The House resumed at 1.57 p.m.

The Speaker: It being 2 p.m., pursuant to Standing Order 30(5), the House will now proceed to statements by members pursuant to Standing Order 31.

STATEMENTS BY MEMBERS

[English]

INTERNATIONAL DAY OF DISABLED PERSONS

Mr. John Maloney (Erie, Lib.): Mr. Speaker, I would like to bring to the attention of the House that the United Nations has declared Saturday, December 3, 1994, as International Day of Disabled Persons.

In a draft resolution, the United Nations stated that the General Assembly was well aware of the need for more vigorous and broader action. It stated that measures were required at all levels to fulfil the objectives of the decade and world program of action concerning disabled persons.

As a member of the United Nations, Canada honours this international commitment. Our federal strategy is aimed at equalization of opportunity for disabled persons and optimization of their positive contribution to Canadian society.

The government also realizes that more has to be done. Through awareness raising and action oriented measures we aim for increased comprehension and better access for persons with disabilities. As a member of the Standing Committee on Human Rights and the Status of Disabled Persons, I too am convinced of and committed to these initiatives.

A disability or handicap is no deterrent to achievement. In politics alone, William Mr. Hughes, the former Prime Minister of Australia was hearing impaired. Former President of the United States, Franklin D. Roosevelt, was confined to a wheelchair. Trevor Morgan, a former member of Parliament, was blind. Who can forget the epic journeys of Terry Fox and Rick Hansen. The determination of these individuals and countless other disabled persons have shown that the barriers can be overcome.

I encourage all members of this Parliament and Canadians to—

* * *

[Translation]

QUEBEC SOVEREIGNTY

Mr. Réjean Lefebvre (Champlain, BQ): Mr. Speaker, Robin Richardson of the Fraser Institute told the media yesterday that if Quebec decides to separate and refuses to pay its share of the debt, Canada would be destitute.

It is inconceivable that an institution which claims to be serious could make such statements. Quebec sovereigntists have always said openly that they would meet their responsibilities and that when Quebec becomes sovereign, it will assume its fair share of the federal debt. On the other hand, a sovereign Quebec will of course receive its fair share of federal assets.

At present, Quebec taxpayers are already bearing their share of the federal debt in the present system. But the way the Canadian government is managing its finances is cause for concern.

This is the second time in less than four months that the Fraser Institute has engaged in such speculation. In future, we hope that the institute will be a little more serious, because as Talleyrand said, anything exaggerated is not worth taking seriously.

* * *

[English]

INTERNATIONAL DAY OF DISABLED PERSONS

Mrs. Sharon Hayes (Port Moody—Coquitlam, Ref.): Mr. Speaker, it is my privilege to rise today in recognition, along with my colleagues, of December 3 as International Day of Disabled Persons.

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This day is to remind us of the special concerns and needs of the disabled. The Reform Party joins with all Canadians to create a fair, equitable and sustainable system for all. We believe that Canadians have a personal and collective responsibility to care and provide for those unable to care and provide for themselves.

Equality of opportunity for the disabled will come about as individuals, employers and governments at all levels work together to remove the barriers to their full participation in our communities and in our workplaces. To assist the disabled in the pursuit of their goals is both just and appropriate.

Today as we recognize the valuable contribution of the disabled, let us reaffirm our support for their desire to be an active, integral and productive part of our society.

* * *

[Translation]

FIGHT AGAINST AIDS

Ms. Hedy Fry (Vancouver Centre, Lib.): Mr. Speaker, today our Prime Minister is attending the Paris summit on AIDS.

[English]

This summit is a French initiative in co-operation with the WHO. Forty-two countries representing 70 per cent of the world population will make a joint acclamation of their commitment to fight HIV-AIDS. The Paris declaration will reflect the principles and values already adopted by the United Nations for HIV-AIDS and will add a new component for nations to respond to urgent needs with practical and lasting measures. This declaration would be operational by January 1996.

AIDS is a public health issue and political world leaders have made the fight against this disease a priority. Special attention will be given to reducing the vulnerability of women to AIDS, to the important role of associations of persons living with the virus, and to strengthening national and international mechanisms for human rights and ethics as they relate to AIDS.

[Translation]

I am proud to say that Canada has built an international reputation as a leader in these three sectors.

* * *

[English]

HUMAN RIGHTS

Mr. Derek Lee (Scarborough—Rouge River, Lib.): Mr. Speaker, on behalf of Nigerians whose voices cannot be heard from behind prison bars, I would like to draw the attention of the House to activities engaged in by the de facto government in the

Commonwealth country of Nigeria as they relate to human rights.

Nigeria's circumstances represent a severe setback to the process of democratization in Africa. Mr. Abiola's election victory in June 1993 was quashed by General Babangyida, who went on to install an interim political body that yielded finally to military rule. Already the de facto government has breached the UN human rights declaration by its brutal attacks on newspaper editors, human rights lawyers and any other type of political or economic dissent. As well there is a risk of civil war on the basis of ethnic divisions.

I am requesting, on behalf of concerned Canadians, that the Minister of Foreign Affairs meet with the High Commissioner for Nigeria to register Canada's concern for human rights conditions in that country. As a signatory to the UN human rights declaration, Canada must continue to be vigilant in monitoring human rights accordance for men, women and children throughout the world.

* * *

INFRASTRUCTURE PROGRAM

Ms. Colleen Baumier (Brampton, Lib.): Mr. Speaker, on November 21 the Queen's Square infrastructure project was launched in my riding of Brampton. This is a \$15 million project funded under the Canada-Ontario infrastructure program which will result in many medium and long term jobs.

The project is being undertaken in conjunction with the project negotiated between the city of Brampton and a private contractor, John Cutruzzola of the Inzola Group. When construction is complete the downtown city core will have undergone a \$50 million facelift, leaving residents of Brampton with a beautiful market style downtown core.

The national infrastructure program is putting Canadians back to work, and at the same time revitalizing communities. It is a model of how all three levels of government can co-operate for the public good. The Queen's Square project in my riding of Brampton is an example of the benefits of this co-operation when it extends to the private sector.

On behalf of my constituents, I would like to take this opportunity to congratulate the minister responsible for infrastructure for the swift and effective implementation—

* * *

(1405)

[Translation]

INTERNATIONAL DAY FOR THE DISABLED

Mr. Maurice Bernier (Mégantic—Compton—Stanstead, BQ): Mr. Speaker, the United Nations has decided that December 3 will be International Day for the Disabled. This is an

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opportunity for all members of this House to become aware of the obstacles which these proud and courageous people have to face on a daily basis.

As a person who worked for the Office des personnes handicapées du Québec for several years, I am aware of the courage and determination of these people who, unfortunately, must still put up with the prejudices of those who refuse to recognize their full value. Insufficient resources and access problems, particularly in the workplace, are constant challenges for these people.

Let us hope that the International Day for the Disabled will help their cause and that these people will stop being treated like second class citizens, even here in Canada.

* * *

[English]

TRANSPORTATION

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, southern Vancouver Island is the fastest growing region in Canada. Currently we face a major transportation problem with the only arterial highway in and out of Victoria choked most of the time.

However, there is a solution available in the existing Esquimalt and Nanaimo Railway. We must put in place measures to ensure its viability as an effective and efficient mover of goods, services and people. It is currently owned by Canadian Pacific and operated in a grossly inefficient fashion by VIA Rail.

I encourage the Minister of Transport to convene a meeting of members of the federal government, the provincial government and Canadian Pacific to address this pressing issue. This is not an issue of politics but of public necessity. To allow this railway to be abandoned will be a gross travesty to the taxpayers as ultimately money will need to be spent to provide an alternative form of transportation to southern Vancouver Island.

* * *

HIBERNIA

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, politics should never stand in the way of signed legal agreements. I am talking about the portion of the Hibernia oil project that was given to the Saint John shipyard in New Brunswick under a signed agreement.

The board decided on Saint John Shipbuilding because it is an ice free port and because the company has the proven expertise to do the job.

This past Tuesday the Prime Minister stated that he is asking the board to review and overturn the signed legal agreement with Saint John Shipbuilding in order to put it out to tender. Under the agreement the government may be liable for expenses

and damages as a result of the termination of the agreement, should it occur.

Is this what the government is all about, cancelling signed legal agreements that could cost the taxpayers millions of dollars in damages? I ask the Prime Minister to please keep politics out of a signed agreement for the Saint John shipyard. The taxpayers have paid enough.

* * *

NATIONAL TRIATHLON TEAM

Mr. Andy Mitchell (Parry Sound—Muskoka, Lib.): Mr. Speaker, I rise to pay tribute to members of the Canadian National Triathlon team from my riding of Parry Sound—Muskoka who returned this week from the world championship in Wellington, New Zealand.

Don McCormick, Sue Tovee, Darlene Murdy, Barry Webb, David Vass, John Hiley and Helmut Kruckle qualified for the world championships, with five of the seven making the trek to New Zealand. At personal expense and significant sacrifice the five triathletes travelled to a country that is 18 time zones away and braved 140 kilometre winds during pre-race training sessions.

When race day finally came, the five triathletes from Parry Sound—Muskoka along with other Canadian athletes performed well for their country in the 1.5 kilometre swim, 40 kilometre cycle, and 10 kilometre run. These individuals demonstrated the true nature of sportsmanship.

I support the athletes of Parry Sound—Muskoka and know that all members of the House support the athletes of Canada.

* * *

RWANDA

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, last night I watched a documentary on CBC's "Prime Time News" regarding the mass murders in Rwanda.

I must say I am deeply shaken, as all of us should be, to learn that the genocide of a reported half million people was part of a well planned and premeditated scheme known as network zero. It has also been revealed that many in the international community had been warned of the impending tragedy.

I personally find it absolutely appalling and incomprehensible that the potential for such atrocities to occur was known and yet very little was done.

Why did the global community not mobilize in an attempt to prevent the mass killings? I have to ask also, how did the entire international community fail the people of Rwanda.

It is absolutely imperative that changes be introduced in the United Nations to ensure that the mass murders of men, women, and children never happen again.

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(1410)

REFORM PARTY OF CANADA

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I have been observing the Reform Party for some time and things just did not add up about it.

Last Friday its members presented to the finance committee their plan to reduce government spending by \$10 billion. On the suggestion of the member for Calgary Centre I undertook to read this document. The proposal for reductions is broken down into five parts: first, \$70 million; second, zero; the third is \$3.5 billion plus \$.64 billion; four, \$1 billion; and five is \$2 billion plus \$1.7 billion, plus an additional \$.125 billion. This adds up to only \$9.035 billion, a shortfall of \$1 billion.

To ensure I was correct I had a chartered accountant, an economist, two students at Carleton University and one at Ottawa University check the figures. The results are the same. Members of the Reform Party cannot add and they do not add up to Canada either.

There is only one finance minister but it took their three finance critics to come up with this result.

* * *

[Translation]

AIDS

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, today, on this first day of December, people throughout the world are stopping a few moments to reflect on what can be done to wipe out the terrible scourge called AIDS. This epidemic of a disease that scarcely ten years ago was little known to the public is today a cause for concern throughout the world and spares none of its victims.

According to the World Health Organization, by the middle of 1994, more than 16 million adults and one million children had contracted the AIDS virus since the beginning of the pandemic. Even worse, by the year 2000, the cumulative total of people infected by the virus will be between 30 and 40 million, while the total number of cases of full-blown AIDS will be close to 10 million. No responsible government, in the United States or in France, in Italy or in Africa, can afford to overlook the fact that the fight against AIDS must include a campaign to promote safe sex.

* * *

[English]

CRIMINAL CODE

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, this afternoon will be the third and final hour of debate on my private member's bill C-240. This bill will permit corrections and parole officials to apply to the courts to

keep high risk offenders in custody or under community supervision beyond the end of their sentences.

The government has stated that it would not support such legislation because it may be a violation of the charter of rights of the offender. So much for the promise of making the protection of society its number one priority.

Canadians are demanding protection. After the murder of 16 year old Pamela Cameron in October, citizens in my riding started a petition calling for the protection from high risk offenders.

I made public this morning a petition with over 8,000 names. In Milton, Ontario, Pamela's older sister obtained over 10,000 signatures on a similar petition that has yet to be introduced.

A recent poll indicated that 76 per cent of Quebecers support the use of dangerous offender designations against violent offenders.

I urge all members of the House to listen to their constituents and provide them with the protection they are demanding.

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MEADOW LAKE TRIBAL COUNCIL

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, I rise to congratulate the Meadow Lake Tribal Council for its success in the forestry business, as reported this week by their auditors Price Waterhouse.

Federal loans worth \$1.5 million, used by the tribal council to start two businesses, have paid off with a return of \$10.7 million in corporate taxes.

The tribal council, led for many years by Chief Percy Derocher and today by Chief Richard Gladue, created jobs, contributed to their community and proved that there is an important and useful role for the federal government to play in support of aboriginal businesses.

The success of the Meadow Lake Tribal Council has paid off in other ways. Their contribution has helped lead to the naming of the town of Meadow Lake as Canada's forestry capital for 1995. We can all help them celebrate next year by ensuring that the federal government acknowledges this success with a continuation, indeed an enhancement, of the aboriginal business support program.

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[Translation]

ROAD SAFETY

Mr. Raymond Lavigne (Verdun—Saint-Paul, Lib.): Mr. Speaker, I would like draw the attention of the House to two important events connected with road safety. Today marks the beginning of Road Safety Week, sponsored by the Canada Safety Council. This year's theme reminds us of the dangers of driving while under the influence of alcohol and stresses the fact that the lives of thousands of Canadians are affected each year by this

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problem. Concerning another aspect of road safety, five years ago, the federal government announced that all new motor vehicles sold in Canada were to be equipped with daytime running lights.

(1415)

This morning, the Minister of Transport released a study that found that daytime running lights had prevented thousands of collisions, so that our roads are now much safer.

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*[English]***STANDING COMMITTEE ON CANADIAN HERITAGE**

Mr. Roger Gallaway (Sarnia—Lambton, Lib.): Mr. Speaker, many will recall Marlon Brando as the godfather when he muttered: “A favour is a favour”.

Yesterday Liberal members of the Standing Committee on Canadian Heritage collectively played the role of godperson to the hon. member for Calgary Southeast. Hon. members should know the hon. member for Calgary Southeast refused to propose or even vote on a motion authorizing funding for witnesses from western Canada to appear before the committee, the very witnesses the hon. member had previously insisted must appear.

Lack of funding would have killed the agreement the member had vehemently insisted upon. Certainly, in the vernacular, all members have bad hair days but perhaps the hon. member would like to manger ses mots.

We must restore trust in politicians. Trust only begins when we live up to the spirit and intent of agreements made in this our parliamentary home. In her own words I would like to say again: “Anything less would be absolutely outrageous”.

ORAL QUESTION PERIOD*[Translation]***MIL DAVIE SHIPYARD**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the government persistently refuses to right a wrong done to Quebec, by transferring immediately the contract for the construction of a Hibernia drilling sub-unit to the Quebec shipbuilder MIL Davie, the only loser in this whole business, as it was the only other bidder on this contract. Yet Hibernia argued that the time constraints and deadlines required that this contract be assigned to Saint John Shipbuilding without competitive bidding.

My question is directed to whichever minister would be so kind as to answer on behalf of the government. How is it that the government has the time to call for tenders now, when the normal practice, as the Quebec Minister of Industry indicated, is to go to the next bidder on the list if the first one is unable to perform the work?

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, the Hibernia benefits plan provides that all interested parties be given a full and fair opportunity to submit a bid for part of the work under the Hibernia deal.

The independent Canada—Newfoundland Offshore Petroleum Board reviewed the decision in this regard by the consortium and found that the Hibernia benefits plan had not been followed. It is only normal for the government to ask members of the consortium to review their decision. I think that makes sense because we are asking if the proper process has been followed in a way that is fair to all concerned.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, the solution seems obvious. A bid has been submitted and the bidder's name is MIL Davie.

Why does the government not transfer the contract to MIL Davie, as would seem appropriate? And where does the government find the time now to launch a new bidding process, if the work was so urgent, or so we were told, that the contract had to be let to Saint John Shipbuilding in the first place?

[English]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, what the hon. member is complaining about is with respect to a decision made by the consortium that gave the contract to Saint John Shipbuilding without following the Hibernia benefits plan according to the findings of the independent Canada—Newfoundland Offshore Petroleum Board.

That is why the government is asking the consortium to review the decision because of the findings of the board. We are asking the consortium to make that decision as quickly as possible. We hope the hon. member will agree with this sensible step.

[Translation]

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, what is the government of Canada waiting for to table the full report of the Canada—Newfoundland Board, so that everyone can take

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cognizance of the facts and see that MIL Davie was treated unfairly and that the Hibernia board of directors has contravened every contract award rule in the book in this particular case?

(1420)

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I will inquire as to the possibility of tabling the report of the Canada—Newfoundland Offshore Petroleum Board.

I think that we should also table in this House the report on the nearly \$500 million in economic benefits that have accrued to Quebec as a result of some 100 contracts. As a result of these contracts and conditions, the government just could not leave the people of Quebec unaware of such crucial facts.

* * *

NATIONAL DEFENCE

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, at a press conference this morning, the minister of defence quickly tabled his white paper without any warning and without regard for the Official Opposition.

The minister of defence announced that, with the holiday season approaching, he intends to spend hundreds of millions of dollars on used military equipment. The defence minister's shopping list includes four used British submarines, helicopters and armoured vehicles.

Now that the cold war is over and that the government must reduce spending, how can the minister dare contemplate at this time the acquisition of used military equipment whose usefulness is highly questionable?

[English]

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, first on the procedural matter, it is customary for government to table responses to standing committee reports in the House. That was done.

I do not think it would have been within the normal practice to have given advance warning of that. However I did give a copy immediately to a member of the hon. member's party and the critic for the Reform Party immediately upon tabling, knowing that there were at least four hours before question period within which to reflect upon it.

On the specific point regarding the major capital purchases that have been called for in the white paper, it is very important to differentiate between the helicopter purchases required to replace the Labradors for search and rescue, the Sea Kings for the combat helicopters on ships and the armoured personnel carriers for the army from the submarine question.

The submarine question is simply a matter of investigating a possible arrangement with the United Kingdom that wants to sell four used conventionally powered submarines which would assist us in discharging our maritime mandate not just on the Atlantic coast but on the Pacific coast as well.

There is no commitment on the part of the government to purchase such submarines. Simply we are looking at the matter and we would have been remiss if we had not mentioned it in the white paper.

[Translation]

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I can assure the minister that I am quite able to differentiate between submarine and helicopter purchases!

How can the minister explain to Canadian taxpayers that, barely a year after cancelling the EH-101 helicopter contract at an approximate cost of \$800 million, he has now decided to buy new helicopters to replace the Sea Kings which last spring were declared fit to fly until the year 2002 by the minister himself?

[English]

Hon. David Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, in the red book we never discounted the need for search and rescue helicopters. We said that combat helicopters for ships would be studied in the defence review. The hon. member was part of a committee that recommended we buy new helicopters.

What is important is that the Conservative government wanted to spend \$5.8 billion to develop a state of the art helicopter that we did not need and could not afford. The solution that we are proposing is going to save considerably more money, well over a billion dollars and perhaps \$2 billion. That is not bad economics as far as I am concerned.

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GUN CONTROL

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, yesterday the Minister of Justice said:

During the course of the last several months, I have been in continuous touch with senior officials and indeed with provincial counterparts, attorneys general and ministers of justice, exchanging views about the proposals that will be decided upon and announced this afternoon.

(1425)

However today in a television interview he revealed that he had not spoken to some of the provincial justice ministers but hoped that he would get their support.

Given that the registration of firearms will have a significant impact upon the financial resources of the provinces and territories, why did the minister not get the support of provincial justice ministers before the fact, not after?

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Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the government is confident it has the support of the vast majority of Canadians in the decisions we announced yesterday with respect to firearms.

In terms of the provinces and territories, as I made clear yesterday I have been in direct contact with some of my provincial counterparts. Throughout the process the Department of Justice has been in continuous contact with senior officials of provincial and territorial ministries of justice. Those communications have been continuous and, I can advise the House, very productive.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it still seems wise that we would get support from all of them when all the provinces will be involved.

In one short statement yesterday the Minister of Justice eliminated the role of Parliament, of the Standing Committee on Justice and of interested parties on both sides of the issue. He said: "Let me make it very clear. The process of consultation leading to legislation is now over". This is unacceptable.

What gives the Minister of Justice the power to interfere with the parliamentary process which includes the Standing Committee on Justice? Is true democracy proving to be inconvenient for the justice minister?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I meant yesterday exactly what I said. The process of consultation leading to the proposals in the legislation the government will put forward is at an end. We have reached the government's policy on firearms.

Naturally the bill will be put before the House of Commons in February when we resume. It will then be referred to committee in the ordinary course. It will go through the regular parliamentary procedure in which we hope to have the involvement of all members of the House.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, it seems evident across the country that these proposals are in fact full of holes and seriously flawed.

We have seen in previous legislation in the House that this minister has set a precedent for ramrodding, railroading and running roughshod over the democratic process.

The minister said that yesterday's proposals are final. Will the minister, upon tabling the legislation, be open to further consultation? Will he consider changes to these proposals that attack responsible law-abiding gun owners?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, it is obvious the support among members of the Canadian public for these proposals is very high. We are making proposals that have the support of the vast majority of Canadians.

In terms of the consultation process, I spent almost five months consulting with over 150 national and regional organizations of firearms owners and users. I dealt with them at close quarters on the details of the proposals. Our consultations leading to the formation of government policy are at an end. Naturally when I put the bill before the House it will be referred to committee, witnesses will be heard, and the usual parliamentary process will be followed.

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[*Translation*]

COLLÈGE MILITAIRE ROYAL DE SAINT-JEAN

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

Yesterday, the minister refused to respond favorably to the invitation from the Mayor of Saint-Jean, saying that he had not received an invitation from Quebec's Minister of Intergovernmental Affairs. Now, the Mayor of Saint-Jean publicly invited both governments to Saint-Jean to continue discussions on the future of the military college on the basis of his proposal. Quebec is ready to delegate representatives.

Can the minister tell us whether he, like the Quebec minister, intends to respond favorably to the invitation from the Mayor of Saint-Jean and delegate officials so that discussions can resume and thus show his good faith?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, as I already said in this House a few days ago, I met the Mayor of Saint-Jean to listen to his proposal and to discuss the future of the college in Saint-Jean.

We both clearly agreed that the college in Saint-Jean must continue and for this two essential conditions of the July 19 agreement had to be met: the college has to be demilitarized and a transition period is needed.

(1430)

What has happened is that I sent Ms. Beaudoin a letter several weeks ago, asking her to do just that, and she has not yet sent me a reply. As soon as she gives me an answer, we are ready to meet her.

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, can the minister tell us whether or not he is prepared to continue discussions on the basis of the proposal from the Mayor of Saint-Jean, which would provide a transition period and also keep 350 officer cadets at the college next September?

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, I already told the House exactly what we had agreed on. What we need now is a reply from Ms. Beaudoin that she is ready to accept the July 19 agreement as a basis of negotiation. Our position was and still is the same and the Bloc Québécois is

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preventing the development of the royal military college in Saint-Jean and hindering normal economic activity in the Saint-Jean region because it opposes implementing the agreement.

* * *

[English]

GUN CONTROL

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, yesterday during the justice minister's press conference when asked whether the registration of rifles and shotguns would reduce the criminal use of these firearms, the minister could not say that it would.

Given that the objective of firearms control is to reduce the accidental, intentional and criminal use of firearms, can the minister today state that the registration of shotguns and rifles will meet these objectives and reduce the criminal use of these weapons in society?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the only reason this government is proposing a registration system for rifles and shotguns is our firm belief that it will have exactly that result.

Mr. Jack Ramsay (Crowfoot, Ref.): Mr. Speaker, in his proposals yesterday the minister failed to provide the statistical information to justify the registration of rifles and shotguns and to ban other firearms.

The Auditor General found the same lack of substantiating evidence for Bill C-17, which led him to conclude that C-17 was initiated for reasons of public policy.

I ask the minister, when will he provide statistical justification for introducing these measures, or is this being done for reasons of public policy as well?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, there is a reason why the Canadian Association of Chiefs of Police wants universal registration of firearms. There is a reason why the Canada Safety Council has been urging the government to introduce universal registration of firearms, quite apart from common sense.

As we announced yesterday, there is a direct link between the registration of firearms, the reduction of crime, the reduction in the number of lost and stolen firearms in the hands of criminals and public safety and safety in the home.

[Translation]

REGISTERED RETIREMENT SAVINGS PLANS

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, my question is for the Minister of National Revenue.

Right in the midst of its pre-budget consultation exercise, the government continues to leave open the possibility of taxing RRSPs when, according to a Gallup poll, over 86 per cent of Canadians and Quebecers oppose such a measure.

Considering that the government did not wait until the end of its pre-budget consultation to announce that it would not reduce UI contributions below the level mentioned in the budget, will the Minister of National Revenue now reassure concerned Canadian taxpayers that he will not tax RRSPs?

[English]

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the question is raised about the recent poll that was conducted for the Retirement Savings Alliance. That group had the opportunity to present its paper before the finance committee in the consultation process. We are listening to all the consultations and will look forward to that.

I will not, as the Minister of Finance has said in the past, comment on individual proposals at this time.

[Translation]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, how can the minister continue to leave open the possibility of taxing RRSPs and increase the concerns of Canadian taxpayers at a time when people are taking and renewing RRSPs, and considering that if RRSPs were to be taxed, 44 per cent of those who participated in the poll said they would stop contributing?

(1435)

[English]

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, it is not this government that is raising the questions of taxing RRSPs. It is the opposition party and the third party that have raised these questions again and again before this House.

I will repeat that we are not going to comment on the individual proposals until our budget is presented in February.

* * *

GUN CONTROL

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, the gun control proposals submitted by the justice

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minister yesterday would ban the .32-calibre handgun like the one fired by Olympic gold medalist, Linda Thom. This is a calibre of handgun used in Olympic sport competitions.

Does the Minister of Justice realize that he has effectively eliminated Canadians from this Olympic sport? They will no longer be able to own and practice with this gun in preparation for world class events.

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the category of handguns that this government proposes to ban is not broadly used in legitimate sporting activities. Instead, these small handguns we propose to ban are cheaply made, easily concealed and commonly used in crime. That is why we are banning them.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, this is an international sporting event being eliminated for Canadian competitors which points to how poorly thought out this whole proposal really is.

I have not yet mentioned the violation of the rights to privacy, the confiscation of personal property without compensation; how poorly thought out this whole proposal really is.

As a start, will the minister make a commitment to remove the .32-calibre hand gun from this list of banned firearms?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, I most certainly will not. The categories of handguns which were identified for ban were worked through with the RCMP, with expert advisers. They were identified precisely for the reasons we gave the House when we announced these decisions yesterday and they will remain on the list.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, my question is for the Minister of Justice.

On December 6, 1989, 14 young women were killed at the École polytechnique, in Montreal. This tragedy triggered a major movement for gun control. Yet, five years later, the government introduces a mere action plan, in spite of the commitment made by the Minister of Justice and the Prime Minister to table a bill before Christmas.

How can the minister be satisfied with his action plan, whose effects will not be measurable until the year 2003, almost 15 years after the tragedy at École polytechnique?

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, the question put by the hon. member echoes the pale and oblique commentary she gave yesterday following my speech in the House. It disappoints me, as much as her speech did yesterday, that instead of dealing with the substance of the matter, instead of expressing her

position with respect to the substance of the decisions and the proposals, she seizes upon the form of the matter and comments caustically upon that.

This government has made its position clear. We shall introduce legislation in February to implement the decisions in the paper I tabled yesterday.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, how can the minister claim not to have caved in to the gun lobby, considering that his eventual legislation will allow more than 4,000 Canadians to keep their AK-47s and more than half a million others to keep their hand guns for the rest of their lives, all the while keeping within the law?

[*English*]

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, in connection with the AK-47s, those firearms will be prohibited. Future sales will be prohibited. Those who have them can keep them but not transfer them.

In connection with the banned handguns the position is, once again, future sales are prohibited. Those who have them may keep them but may not use them. They can keep them and store them safely, surrender them to the police or disable them.

* * *

MULTICULTURALISM

Mr. Rey D. Pagtakhan (Winnipeg North, Lib.): Mr. Speaker, my question is to the Secretary of State for Multiculturalism.

It is ironic when MPs like the Reform member for Calgary Southeast yesterday misrepresented the cardinal principles of multiculturalism, a policy long viewed by other countries as a model for social cohesion and national unity.

(1440)

Given that nearly half of Canada's people are of neither English nor French background, can the minister assure us that the government will continue to promote the cultural, economic and social benefits inherent in Canada's diversity?

Hon. Sheila Finestone (Secretary of State (Multiculturalism) (Status of Women), Lib.): Mr. Speaker, I thank the member for his question and his incisive observations. Of course the answer is yes. Diversity and pluralism are the Canadian reality.

This government is committed to nation building, to ensuring that we live in an inclusive society and that we will have multicultural programs which will contain cross-cultural undertakings, intercultural exchange and will promote social harmony, social cohesion and peace.

We in this party believe that we should build a society in which racism, bigotry, intolerance and misunderstanding shall

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find no home. That is the goal of this government. That is nation building and the Liberals support the multicultural program.

* * *

SAINT JOHN SHIPYARD

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, my question is for the Minister of Natural Resources or whoever should choose to answer on behalf of the government.

Could the minister explain why the Canada–Newfoundland Offshore Petroleum Board made a decision to review the process of awarding the contract to Saint John Shipyards last week as opposed to when the decision was initially made some months ago?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I will be pleased to get that information from the board. In the meantime I think we should take satisfaction that this independent review board is doing the job for which it was set up.

Mr. David Chatters (Athabasca, Ref.): Mr. Speaker, my supplemental is for the same minister.

Could this minister please explain why the Canada–Newfoundland Offshore Petroleum Board is reviewing the contract awarded to Saint John Shipyards when other contracts have been awarded without going to tender, such as the contract awarded to the Norwegian Contractors Newfoundland this past summer and no review took place?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, as I understand it, this is an independent board, an arm's length board and it does its job according to its mandate.

I will seek the information the hon. member is asking for but I do not know why the Reform Party, which wants probity in actions by government bodies, refuses to pay attention to the work of an independent, arm's length board reviewing the expenditure of taxpayers' funds.

* * *

[Translation]

BOSNIA

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the Minister of National Defence.

Yesterday, the United Nations suffered a major diplomatic reversal when the Bosnian Serb authorities refused to meet with UN Secretary–General Boutros Boutros–Ghali. Peace negotiations have reached an impasse. The NATO Ministers of Foreign Affairs met today in Brussels to develop their position on the

Bosnian situation, while major tensions between the Americans and Europeans continue to grow.

What position has the Canadian government taken today at the NATO Summit in Brussels in order to break the deadlock concerning Bosnia?

Hon. David Michael Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, first of all, we regret that the Bosnian factions refused to meet with the UN Secretary–General. We are very sorry.

The Prime Minister has stated our position on the Bosnian conflict and this is the position which was stressed again this morning and this afternoon by my colleague, the Minister of Foreign Affairs. Right now, I do not have a report from these NATO meetings, since I am told they are still under way in Europe, but when I have an answer I will contact the hon. member.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, instead of simply criticizing the United States for their attitude, as the Prime Minister did in an interview he granted to the daily *Le Monde*, does the government not think it should take a much more constructive approach and consult its main partners in order to come up with solutions that would get the peace negotiations moving again in Bosnia?

(1445)

[English]

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the Prime Minister spoke to the French Senate today which is indeed an honour. I think he is the second foreigner ever to have addressed that body.

After the speech the Prime Minister was quite forceful in his desire for Canada to remain as part of the solution in the former Yugoslavia to help bring tensions to an easier point and to bring negotiations to fruition. Certainly he believes that Canada has a role, and I hope the Prime Minister has a role, to help in any new negotiating process.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, the contact group on Bosnia was established in April, two of the five members being countries that had no troops there. Canada is one of the largest contributors but we are excluded.

Why did the government not do its job in April and demand our membership in the contact group? Why did this government wait silently for so long before it finally became involved as conditions worsened? The Canadian people want to know why.

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, we made representations at the establishment of the contact group and for reasons I cannot explain Canada was not invited to be part of that group.

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Certainly, even though we regret that state of affairs, that does not mean that we renege on our commitments to be an active full member of United Nations missions in Bosnia and Croatia.

Mr. Bob Mills (Red Deer, Ref.): Mr. Speaker, if the contact group refuses to admit Canada when the Prime Minister asks this weekend in Budapest what exactly is the government going to do? Are we going to continue to be wimps in answering these sorts of things? Canadian lives are at stake and the people of this country want to know what the government is going to do.

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, the Prime Minister has been most articulate and most forceful in declaring Canada's interest in participating in all manner of fora to deal with the very terrible conflict in the former Yugoslavia.

We will certainly take note of the hon. member's support for our position that Canada should be much more involved in trying to get a diplomatic solution.

* * *

VIOLENCE AGAINST WOMEN

Mrs. Sue Barnes (London West, Lib.): Mr. Speaker, my question is for the Minister of Justice. Next Tuesday, December 6, is a national day of remembrance and action to end violence against women.

Most of the violence women experience is in their homes and at the hands of men they know. What measures is the minister taking to protect women from violence?

Hon. Allan Rock (Minister of Justice and Attorney General of Canada, Lib.): Mr. Speaker, we are doing a great deal but it is not enough.

We must renew our commitment and focus our energies to do more, but what we have started to date is considerable. I can refer to the initiatives of yesterday with respect to firearms. I can remind the House that one woman every six days is shot to death in this country, that most of the time it occurs in her own home at the hands of someone she knows, and that person is using a rifle or a shotgun. The steps we took yesterday I believe will help in some way to deal with that issue.

I should refer as well to the creation of a national crime prevention council and the attention it will devote to violence against women. I can speak about Bill C-42 and the efforts to change the peace bond provisions to make them more effective to protect victims of domestic violence, and Bill C-41, the matters it deals with in terms of breaches of positions of trust, including relationships between physicians and female patients.

[Translation]

TELECOMMUNICATIONS

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, my question is directed to the Minister of Industry.

The coalition for affordable telephone services has asked the government to reverse the CRTC's decision to allow telephone companies to raise rates for local calls by \$72 annually over a three-year period. Furthermore, the association for competitive telecommunications is concerned that telephone companies would use the additional revenue from local calls to compete unfairly on the long-distance market.

(1450)

Does the Minister of Industry intend to look into the association's allegations and examine the cost structure of telephone companies that offer local services, to ensure that the increase in local rates approved by the CRTC does not affect competition on the long-distance market?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, we received the request to which the hon. member referred just now. I am examining this request, and I think I will submit a recommendation to cabinet before the end of the year to determine the outcome of this case.

Mr. Pierre de Savoye (Portneuf, BQ): Mr. Speaker, my supplementary is directed to the Minister of Canadian Heritage.

To allow enough time to check the cost structure of the telephone companies, does the Minister of Canadian Heritage intend to delay the application of the CRTC's decision to allow an increase in local rates as of January 1?

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, it is perhaps difficult for the opposition sometimes to understand but responsibility for the telecommunications sector does fall within my domain.

Therefore it will be a recommendation brought forward by me to cabinet which will be dealt with in the course of determining the government's position on the appeal and on the determination made by the CRTC decision 94-19.

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NATIONAL DEFENCE

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, my question is for the Minister of National Defence.

The Reform Party is pleased to see that in general the white paper reflects much of what was recommended by the special joint committee on defence in its report. However, the white paper calls for a reduction in Canadian forces personnel to

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60,000, 6,700 below the numbers projected in the February 1994 budget.

The defence review stated that cuts, either financial or numerical, beyond those projected would necessitate the surrender of Canadian forces capabilities. What capabilities has the government identified to be forgone?

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I do appreciate the support of the hon. member and his party. He worked very hard on the joint committee and he should be commended. I thank him for his consideration.

With respect to the reduction in force personnel from a projected 66,700 as envisioned in the 1994 budget to an end state of around 60,000, we believe that much of the capability can be maintained simply by moving a lot of uniform people out of administrative positions of downsizing, of rationalizing, of privatizing certain services, of doing things efficiently to make better use of the personnel we actually have.

With respect to the specific point about those aspects of combat capability that we are losing, we are sort of trimming at the edges. Obviously the big one is that our fighter capability will be reduced somewhat from about 72 that are in service now to between 48 and 60. We have some flexibility depending on the financial requirements that I will be discussing with the Minister of Finance. It will be largely in that area.

My colleague, the Minister of Foreign Affairs, has made it clear that from now on we just do not have the resources to take part in every peacekeeping mission. It is very expensive and we have to evaluate each request on its merits and look at what we can do and what we can afford to do.

Mr. Jack Frazer (Saanich—Gulf Islands, Ref.): Mr. Speaker, all of the reductions the minister mentions in his response were included and considered before the recommendations were made.

The defence review recommended that Canada be able to commit to the United Nations and sustain approximately 4,000 personnel. However, the white paper commits numbers that could "conceivably involve in the order of 10,000 military personnel".

As we know from Bosnia and other UN commitments, it is easier to become involved than to disengage. Canada cannot sustain such numbers. Why are we committing them?

Hon. David Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, just because we have the capability to commit a certain number does not mean to say we actually do it.

What we say in the white paper is that at any one time we could deploy in missions, not necessarily in peacekeeping but in natural disasters or other measures, up to 10,000 people at once.

We also commit to increase by 3,000 the number of personnel actually involved in the army able to take part in the land forces missions.

(1455)

Certainly the point that I raised earlier in terms of evaluating each particular mission on its merits answers the hon. member's question. We have to be very judicious in future in the way we deploy our forces. We believe that there is a consensus in Canada that this country really does want to continue to do its part for the UN and to help bring peace and stability to the world.

* * *

CANADIAN PACIFIC

Mr. Bill Blaikie (Winnipeg Transcona, NDP): Mr. Speaker, my question is for the Minister of Transport and it concerns the offer by CP to buy CN east of Winnipeg.

I wonder if the Minister of Transport is aware of arguments to the effect that if CP were to be permitted by the government to buy CN east of Winnipeg, given the tax treatment of such a purchase CP might well get CN from the Canadian taxpayer for nothing.

I would like to ask the Minister of Transport if he could assure us that in the event the government does consider this proposal it would make absolutely sure, even if it has to change the tax system to do so, CP does not rip off the Canadian taxpayer by manipulating the tax system in such a way as to get CN for nothing.

Even better, could he assure us today that the government will have nothing to do with this offer whatsoever even though it has been extended?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, the question of the unsolicited bid by CP for CN assets east of Winnipeg is under active consideration by both the management of CN and the Government of Canada.

It is a very serious question. In addition to the matters raised by my hon. colleague, there is the question that it would have the result of reducing competition and really changing the way rail operates east of Winnipeg.

It is a very serious not only business question, as the hon. member has raised, but policy question. For that reason we are going to weigh the pros and cons very carefully and the government will announce its decision in due course.

[Translation]

THE ECONOMY

Mr. Guy H. Arseneault (Restigouche—Chaleur, Lib.): Mr. Speaker, my question is directed to the minister responsible for international financial institutions.

Our government has decided that the way to deal with the problem of the debt and the deficit is to put the economy back on track by stimulating job creation and economic growth.

Could the minister inform the House about the present state of the Canadian economy and tell this House whether the strategy to stimulate employment and growth has been successful?

[English]

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, I am pleased to confirm to this House and to the hon. member the government's commitment to its deficit reduction program on two fronts, the reduction of spending and the growth in the economy.

Since the beginning of the year the economy has forged ahead at a 5 per cent annual rate. It is the best performance in more than six years. During the third quarter real exports were up more than 5.6 per cent, a record level. A tremendous export performance has led to the highest merchandise trade surplus in six years.

Corporate profits are up for the eighth consecutive quarter to levels that will bring more business advancement and more jobs for Canadians.

* * *

[Translation]

VIA RAIL

Mr. Michel Guimond (Beauport—Montmorency—Orléans, BQ): Mr. Speaker, my question is directed to the Minister of Transport.

The government's net spending on Crown corporations in the transportation sector will total \$528 million this year. Other major cuts planned for the next few years will almost exclusively affect VIA Rail, which serves all Canadians.

What explanation does the minister have for the fact that Marine Atlantic, which will cost \$131 million this year and operates only in the Maritimes, will hardly be affected and that most of the cuts will be borne by VIA Rail?

Mr. Loubier: Shame!

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I can inform the hon. member that, in the case of VIA Rail, these cuts are public knowledge and that we are to review VIA's role. I may add that this year, the government has not received a single request from VIA to cut services.

Point of Order

As for Marine Atlantic, during a meeting I had with the president this morning, I advised him that he would have to take a very close look at all the operations of this Crown corporation, since we intend to put the activities of Marine Atlantic on a strictly commercial footing, as we are doing in the case of all sectors for which I am responsible at Transport Canada.

* * *

(1500)

[English]

ROYAL ROADS MILITARY COLLEGE

Mr. Keith Martin (Esquimalt—Juan de Fuca, Ref.): Mr. Speaker, my question is for the Minister of Intergovernmental Affairs.

Royal Roads Military College is a superb educational facility with a long history on Vancouver Island. Sadly it is falling apart. Much of the faculty and staff have already received their termination notices and the civilian employees are going to close it down in order to get an expeditious move on the decision.

I would like the minister to please tell us exactly what the stumbling blocks are to an agreement and what steps the minister is prepared to organize to make sure there is a speedy resolution to this ongoing problem.

Hon. Marcel Massé (President of the Queen's Privy Council for Canada, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal, Lib.): Mr. Speaker, we have been concerned with the fate of the Royal Roads College. We have continued the discussions in the last weeks and months.

Last Friday I was in communication with the minister of finance of British Columbia, Ms. Elizabeth Cull, who is in charge of the negotiations. We then faxed to her a new proposal. We received a counterproposal this week. We are now in the midst of negotiations. I would expect that in the course of the next few weeks the negotiations would be finished.

* * *

POINTS OF ORDER

QUESTION PERIOD

Mrs. Beryl Gaffney (Nepean, Lib.): Mr. Speaker, during question period when a very serious question was being put to the Minister of Justice on violence against women and the type of violence that women are suffering, mainly at the hands of—

The Acting Speaker (Mr. Kilger): I ask the member to give me a moment. The hon. Speaker, who was in the chair during question period, will return.

Government Orders

The Speaker: I apologize to the hon. member. Would she please put her point.

Mrs. Gaffney: Mr. Speaker, during question period a very serious question was being put to the Minister of Justice with regard to violence against women and particularly about the number of women who die violently at the hands of their partners. This question is something that most members of this House take very seriously.

A member opposite from the Reform Party shouted out in the middle of the question "give them .32s". That is a very serious violation—

The Speaker: The hon. member raises a serious point. I did not hear the statement and therefore I will check the "blues" and at that time, if it is necessary, I will return to the House.

The hon. member for Carleton—Gloucester on a point of order.

[*Translation*]

Mr. Eugène Bellemare (Carleton—Gloucester, Lib.): Mr. Speaker, I rise to speak to the point of order raised by the hon. member for Nepean.

I was a witness. I heard the hon. member for Okanagan—Shuswap say that if women wanted to defend themselves, they could use a .32 handgun.

[*English*]

Mr. Darrel Stinson (Okanagan—Shuswap, Ref.): Mr. Speaker, I do not know if it is parliamentary language here to say that that is a lie, but I certainly did not say that—

Some hon. members: Oh, oh.

The Speaker: Order. I gave the floor to the hon. member for Okanagan—Shuswap.

(1505)

Before we go any further, I would ask the hon. member to withdraw the word lie. Then I am going to give the floor to the hon. member again.

Mr. Stinson: Mr. Speaker, I withdraw that. But what has just been said in the House is a total mistruth. I never said that. I would like to have the record rectified on this.

The Speaker: Order. Evidently we have either a misunderstanding or possibly someone misheard. We have hon. members on one side raising a point of order and we have an hon. member from the other side saying that he who was singled out did not say that.

As your Speaker, I am bound to take the word of hon. members in this House. In the face of an allegation which was totally denied by another member, I am forced to take the word of the hon. member, and I do. I consider this matter closed.

Mr. Silye: Mr. Speaker, a point of order.

The Speaker: Order. Is this on the same point of order?

Mr. Silye: Yes, Mr. Speaker.

The Speaker: Then it is out of order.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, I would like the Government House Leader to tell us what the order of business will be for next week.

[*English*]

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I wish to respond to the question of the House leader for the official opposition and provide to him and to other members of the House the weekly statement of government business.

This afternoon and tomorrow the House will debate second reading of Bill C-59, the income tax amendments. On Monday the House will commence with report stage of the grain bill, Bill C-51. On Monday, Tuesday and Wednesday we will consider that bill followed by the environment bill, Bill C-56 and the Department of Public Works and Government Services bill, Bill C-52. On Wednesday we will begin with third reading of Bill C-46 and if it is completed, revert to other unfinished business.

Thursday, December 8 will be the last allotted day for the present supply period and the government will be seeking approval of supplementary estimates at the end of government business on that day.

That is my statement.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

Hon. Fernand Robichaud (for the Minister of Finance) moved that Bill C-59, an act to amend the Income Tax Act and the income tax application rules, be read the second time and referred to a committee.

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I am pleased to launch second reading of Bill C-59, an act to amend the Income Tax Act, which legislates measures contained in last February's budget.

Members will recall that the budget was based on widespread consultations with groups across Canada and these consul-

Government Orders

tations revealed certain concerns among Canadians regarding Canada's personal and corporate tax systems.

As members know, Canadians wanted tax incentives to be better targeted. They wanted tax loopholes to be closed and complexity to be reduced. Overall they wanted a more equitable tax system.

The government shares these concerns and accordingly in the 1994 budget the Minister of Finance proposed measures to make the tax system more supportive of economic growth and more reflective of fiscal realities, simpler to comply with and more respectful of Canadians' ability to pay taxes. Bill C-59 will amend the Income Tax Act to implement several of the budget's tax measures. On behalf of the government, I would like to summarize these amendments.

First, I would like to review these amendments as a reminder to colleagues in the House and to Canadians. The capital gains exemption eliminates the \$100,000 lifetime capital gains exemption and provides an election with respect to the gains accrued before the date of the budget.

(1510)

The second amendment in the bill relates to employee benefits, extending the taxation of employer provided benefits to include the first \$25,000 of life insurance.

The third is the age tax credit, which provides a reduction in the amount of the credit based on an individual's income level.

The fourth amendment is the homebuyers plan, which modifies the provisions of the homebuyers plan, extending it indefinitely for first time home buyers.

The fifth amendment is the charitable donations tax credit which lowers the threshold at which the tax credit is calculated at the highest individual marginal tax rate.

The sixth amendment is the business meals and entertainment expenses, which reduces the percentage of such expenses that may be recognized for tax purposes from 80 per cent to 50 per cent.

The seventh amendment is the tax shelter partnership interests. This amendment requires that limited and other passive partners report any negative adjusted cost base in their partnership interest as a capital gain.

The eighth amendment is the divisive corporate reorganizations, which curtails the tax avoidance technique that allowed capital gains on the disposition of corporate assets to be avoided in certain circumstances.

The ninth amendment is the investment tax credits. This reduces the rate at which the credit is calculated in respect of certain regions. It eliminates the regional component of the credit in respect of scientific research and experimental development and it discontinues the special investment tax credit.

The tenth amendment is the expenditure limit for scientific research and experimental development, which prorates the expenditure limit for a Canadian controlled private corporation based on the corporation's business limit for the year.

The eleventh amendment is the small business deduction which progressively reduces the small business deduction available to Canadian controlled private corporations having a taxable capital over \$10 million employed in Canada, so the deduction is eliminated at the \$15 million level.

Finally, the twelfth amendment is the mine reclamation fund, which permits a tax deduction for contributions into these funds in the year in which the contributions are made.

This represents a major list of amendments to the Income Tax Act. It will add approximately another 106 pages of rules and regulations to the act.

I support all of these amendments to Bill C-59, but I have to say this is yet another reminder that the the Income Tax Act continues to be complex. In spite of our best efforts I really do not believe we are heading in the right direction when it comes to income tax reform.

I hope all members of Parliament will support us as we put this series of amendments through the House of Commons because the basic principle behind these amendments is to increase economic activity.

We have targeted enhanced support for our small business community, which I know all members of the House support. We have made sure that the homebuyers plan is given added rejuvenation. We have been extremely sensitive to senior citizens at the lower part of the income threshold. These are all efforts to make sure there is fairness and equity, but I believe passionately it is not enough.

(1515)

We are not going far enough in our income tax reform. In order to get our Income Tax Act on track we have to go back to 1948. Last week I asked one of the pages to get me a copy of the 1948 Income Tax Act of Canada from the Library of Parliament. This document worked very well in those days and is approximately 100 pages for the whole tax act of Canada. This was tax paradise.

Over the years the tax act of Canada has been used to run every sector of the economy, just as these 10 amendments we are talking about today are affecting certain sectors of the economy. They are put in to move and stimulate positively those sectors of the economy.

Over the years there have been so many amendments to the tax act, so many exceptions and exceptions to the exceptions that the tax act is now almost 1,500 pages. As this act has evolved the situation is that even Canada's best tax lawyers and best tax accountants are saying the act is no longer comprehensible. The exceptions to a particular amendment which lead to another

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exception create so much confusion that an inefficient system is being created.

Did you know that right now before the courts of Canada there are 37,200-odd cases challenging the tax act of Canada? Just think of the cost to the judicial system. Talk about a make work program. This is a make work program in tax challenges alone for the lawyers, most of whom are subcontracted to the Department of Justice. A company which is assessed by the Department of National Revenue and wants to challenge it hires its own lawyer, but the Department of National Revenue calls up the Department of Justice. Justice in turn hires a lawyer to defend the crown.

Right now the taxpayers of Canada are funding 37,000 cases before the courts. Just think of what that does to our judicial system, all because of the lack of clarity and the lack of efficiency in our tax act.

Bill C-59 is a good bill. The specific amendments in it are designed to stimulate the economy and create jobs.

I would like to take this opportunity to say to my colleagues in the House of Commons that perhaps now is the time to look at comprehensive reform of our tax system. Perhaps now is the time to take up the challenge. We have taken up some great challenges in social security reform during the last few months and we will be doing so over the next two months. We have taken up incredible reform of our UI system and our retraining system. Why not take up the challenge of comprehensive tax reform?

(1520)

Quite frankly when I was re-elected last year I hoped that the notion of comprehensive tax reform would hit the floor of the House of Commons quickly. I was hopeful for a couple of reasons.

The government in its red book said it would look at tax reform. Of course, the finance committee is in the process of listening to all kinds of ideas which are being brought forward. As we prepare for the budget this is a perfect time to look at some alternatives to the tax regime we have right now. That was the number one reason I was optimistic for a shot at real comprehensive tax reform.

The second reason I was optimistic was that I thought I would have some company in this whole notion of tax reform. That is because lo and behold over 50 members of Parliament were elected under the Reform Party flag and I can remember that one of its cornerstones of public policy during the campaign was comprehensive tax reform.

I can remember campaigning in my riding in downtown Toronto against the Reform Party candidate, a terrific candidate. It is awful when someone forgets a person's name. Where is my

friend Nick Lamacchia when I need him? He would always help me remember someone's name.

Mr. Silye: If you do not get elected, you are a nobody; if you leave, you are a has been.

Mr. Mills (Broadview—Greenwood): Nick, where are you when I need you?

At any rate when we had public debates and it came to the issue of tax reform, the Reform Party candidate would stand up and say: "When it comes to tax reform we support Mr. Mills' idea of a single tax system. We call ours the proportional tax but generally speaking we think he is heading in the right direction". Actually the Reform Party member helped me get elected because some of the things that my constituents perhaps did not like about me were offset by the fact that the Reform Party candidate helped me push forward on the single tax.

Here we are one year later and we have not been able to spark an interest in comprehensive tax reform in this House of Commons. I want members to know that we are missing a great opportunity. You might ask: Why does the government not take it up on its own initiative? It does not work like that around here. As members know, the essence of a democracy is good solid debate. There has to be a to and fro. A good opposition has the ability to move an agenda item from the back burner to the front burner.

On the issue of tax reform the opposition has done a lousy job and that is in spite of my giving them a good push every now and again. At any rate, I want to say to the people of Canada that I passionately believe the single biggest thing we could do to spark economic activity in this country is to act on comprehensive tax reform.

I say that because we as a government are counting on the small and medium size businesses to recharge and reignite this economy. I hear constantly as I am sure other members do from those same small and medium size businesses that the paper burden relating to the income tax system, the complexity of it, and the unfairness of it on the corporate and personal side make it a disincentive to productivity. It is a disincentive to risk taking. It is a disincentive to taking that extra shot.

(1525)

I believe that. In fact a lot of entrepreneurs who have achieved success are not only frustrated by the tax act of Canada but many of our superachiever entrepreneurs are currently being taxed at a rate of 58 per cent rate when the federal and provincial taxes are combined. Many of them are starting to do two things. Some of them are parking their resources, their investments and their cash offshore. The second thing is some are starting to move themselves offshore. They are not just moving their cash but some of them are actually taking their talent and walking into better tax regimes.

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When we have a bill like C-59 with all of its pluses and advantages in moving and improving the tax act it gives us the opportunity to look at the big picture over the next eight to ten years.

If Canada does not have a globally competitive tax system we are going to see talent and capital fly out of this country at a rate we cannot imagine. When capital flies out interest rates go up. It is like any other commodity. A store that has only a few pieces of chicken or a few potatoes can demand a higher price. Capital is no different.

When capital is not in the marketplace or if there is restricted amounts of capital, interest rates go up. That causes a tremendous strain on our ability to service our deficit and our debt. It is a tremendous burden. It is tough for our entrepreneurs. When they go to the bankers and try to rent money from them, those rates are higher as well.

If Canada had a globally competitive tax regime, if we had something like the single tax system where—

The Acting Speaker (Mr. Kilger): Order. I know that the member for Broadview—Greenwood, the Parliamentary Secretary to the Minister of Industry, is one who can express himself very well and certainly is not in any need of props or anything else to substantiate his arguments on any piece of legislation or debate. I would ask him to keep that in mind.

Mr. Mills (Broadview—Greenwood): Mr. Speaker, I thank you for your generous remarks but after five years of trying to advance the debate on tax reform in a comprehensive way sometimes I wonder what you have to do. It is not just props; I think you even have to go beyond props.

At any rate the point I wanted to make was about Canada having a single tax system. On both the personal and corporate sides the rate would be around 20 per cent. On the personal side there would be very generous deductions to make sure those people at the lower income spectrum were protected. If we had a progressive single tax system like that I believe capital would flow into this country in a way we could not imagine. Canada would be the home for capital from all over the world.

(1530)

It is not unlike the grocery store: if there is a sudden glut of potatoes or of chicken the price goes down. It is not different with capital. If the capital were suddenly parked here in large amounts it would put downward pressure on interest rates. This would mean it would be much easier for us to service our deficit and debt. More important, it would provide capital at an inexpensive price for those one million small and medium size entrepreneurs, those men and women who need to be fired up to get the economy going.

I attended a townhall meeting with my colleague from Nepean last night at which we had a little session on small business and tax reform. One person in the crowd said: "I don't like this kind of a system. I would like a two-tier system. If you make up to \$60,000 you pay 20 per cent but once you get over \$60,000 you pay 40 per cent". I told him that I totally disagreed with that. I believe the harder we work the more we achieve, and the more we make the more we should have left in our pockets. We should and we have always rewarded productivity in Canada.

I do not believe for a second in a system where people who make millions of dollars get off with paying nothing. I believe in an airtight system and the single tax system is an airtight system. It does not matter whether one is making \$100,000, \$500,000 or a million, it is 20 per cent; it is airtight. It is airtight on the corporate side as well. If we had a system like that in Canada we would do much to stimulate economic activity.

There is something else we have to be concerned about. In the last three weeks our neighbours to the south have been talking about the issue nearly every day in Washington. There has been a change in the Congress of the United States. Most of the people who were elected three weeks ago in the United States are now starting to talk on almost a daily basis about a single tax system.

That concerns me. If the United States adopts a single tax system before we do we would have a problem. It may be difficult to move money to the islands, to move money to Switzerland or to move a business to another part of South America or some part of eastern Europe, but it will be very easy for Canadians to cross the 49th parallel.

I am standing here today in support of every one of the amendments in Bill C-59. They are targeted amendments. They are all related to generating economic activity. They are simplifying the tax system. I do not disagree with any part of the bill because it is taking us in a positive direction in a constructive way.

My challenge to all members of the House of Commons is that it is good but it is tinkering. It is time to go the whole nine yards, clean up the whole system and start from scratch. If we did that all Canadians would cheer the House. We would have rebuilt trust and respect. More important than all those things or equally as important, we would ignite the entrepreneurial spirit of the country. Our ability to cope and handle our deficit and our debt would be much more focused and much easier to address.

(1535)

This will probably be one of the last days in this year that we have an opportunity to send out a message to all officials in the Department of Finance, to my colleague, the Minister of Finance, and to all my other colleagues.

Mr. Stinson: He will not listen to you.

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Mr. Mills (Broadview—Greenwood): No, that is not true. The Minister of Finance listens to us but he does not listen to just a few of us. He listens to all of us. In order to move an issue forward as comprehensive as this one it cannot be done by one, two, fifty or sixty members. We need one hundred and fifty members to move the issue forward.

Our team presented the idea of a single tax system to the finance committee looking for GST alternatives about two months ago. Opposition members started questioning at the end of our presentation and the finance critic from the Bloc said: "We have no criticism of what you are trying to do but we might not agree with some of your credits". He basically said: "When we become an independent country this is the type of tax system we will have. Why would we begrudge it to the rest of Canada?"

I felt that was a pretty straight comment from the Bloc. Obviously none of us in terms of the Reform and Liberals believe in wanting to destroy the country, but he was certainly direct about the type of tax system they would have. The Reform critic for finance was there and supportive, on side. However there is a missing factor in that equation.

Mr. Silye: Excessive spending.

Mr. Mills (Broadview—Greenwood): No. The problem with trying to achieve tax reform is not the men and women of the Chamber. I believe most men and women who sit in the Chamber hear from constituents about problems and complaints in the tax act.

The problem is Canadians complain day in and day out about the unfair, inefficient, complex tax system. I should not say never, because I have received about 100,000 letters from a community of about 12 million to 15 million taxpayers. I would say that 90 per cent of Canadians complain but they do not do enough. They do not get up to make phone calls or write letters to their MPs on whether they agree or disagree with the status quo or whether they have a better idea.

I believe part of the reason we have tax inertia is that Canadians have not pressed enough of us hard enough. In spite of all that, I personally and passionately believe that if we were to take up this challenge and have a single tax system we would have the most exciting economy on the planet. It would be the fastest way to deal with deficit and debt. In the next budget I hope we can get a reference for this system.

[*Translation*]

Mr. Pierre Brien (Témiscamingue, BQ): Mr. Speaker, before proceeding with my speech, allow me to express my scepticism regarding the remarks made by the parliamentary secretary who mentioned the openness of the finance minister and of his government vis-à-vis the consultation process. Supposedly, they are listening not only to MPs, but also to all

citizens. This process is a farce; next week we are going to listen to witnesses, while the report has already been written. What kind of influence are these people going to have? The committee must return to Toronto, at the insistence of the Liberal members in the area, to hear more witnesses who did not, or will not, have any impact on the consultations. This is somewhat less than transparent.

(1540)

Let us go back to Bill C-59, which could be described as one of the pieces of legislation resulting from the Liberal government's first budget. This bill includes 12 specific measures, which are only some of the legislative measures resulting from the last budget. Some are good, others much less so. Some will need to be clarified when the clauses of the bill are reviewed by the committee.

Indeed, this bill was, and still is, the first financial test for the Liberal government. Let us say that, in certain respects, it is very timid. Since coming to power, the Liberal Party may not have had that much time to influence the budget process, a reason which is often given to justify the fact that the budget does not reflect what the Liberals wanted. This is strange because they came to power in October. We were all elected then. They claim they did not have enough time, so they tried to postpone the pre-budget consultations which are supposed to end in mid-December. There is something wrong there.

Let us now move on quickly to the measures themselves. We will come back in more detail on some of them later. The Bloc Québécois agrees with certain of them. Being more positive than negative by nature, I will start with the ones we agree with, although we will need clarification on some in committee. The first one, of course, is the cancellation of the capital gains exemption on the first \$100,000. I will come back to this measure because it has to be put into context to see what happened with capital gains exemptions.

There is also the Home Buyers' Plan, which allows first-time home buyers to use their RRSPs for financing, which is made permanent. This is a good measure. There was much pressure on the Conservative Party at the time, and on the Liberal Party when it came to power, to make it permanent. This has now been done and it is a positive step.

Tax credits for charitable donations. The first \$250 used to be deductible at 17 per cent and any amount in excess, at 29 per cent. Now, the limit has been brought down to \$200. That is to say that amounts in excess of \$200 will be deductible at 29 per cent. There is now an extra \$50 that is becoming deductible at 29 per cent. In itself, this is a positive measure. It is not the reform of the century, but we, from the Bloc, recognize the contribution of charitable organizations and other organizations that benefit from this funding. That is why we support this measure.

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There are also a number of technical provisions to close certain fiscal loopholes. I am thinking about company reorganization, tax shelters in the form of partnership interests and the small business deduction in particular. Let us just say that there are three measures to close technical loopholes. I will not get into the detail, as this can be done in committee, but this is not the tax reform of the century. It is certainly not the reform the parliamentary secretary would like to see and he is seeking public support to improve on it. Having participated in the consultation process myself, I can tell the hon. parliamentary secretary that public support is a subject that was brought up very regularly by various people.

One of the reasons why we end up with outstanding accounts—if you add up the GST, accounts in dispute and outstanding accounts per se, as they appear on the books, it is in excess of \$9 billion—is that somehow individuals do not abide by the applicable part of the social contract, in terms of how revenue is to be collected. So, the system will have to be changed, so that the public can get the right idea. In some cases, public perceptions are quite accurate, but in others, perhaps if we could clarify and simplify things, people could change their minds about certain commonly-held beliefs. But in order to do that, we must lay our cards on the table and not be afraid of being truly transparent.

(1545)

Another measure dealing with mine reclamation funds permits a tax deduction for contributions to these funds in the year in which the contributions are made. This will benefit these businesses, particularly those which had trouble taking advantage of these measures when closing or confirming their operations.

This bill contains a number of positive measures. I will review two of them, which can be described as being positive but requiring closer scrutiny. One is the capital gains exemption. A few years ago, this exemption was set at \$500,000. The first \$500,000 in capital gains was not taxable. To help people understand capital gains, I will give an example: Someone could buy, not a principal residence which does not qualify, but a secondary residence, a cottage, for \$20,000. When he sells it later for \$50,000, he makes a \$30,000 capital gain which becomes taxable income. However, the first \$500,000 in capital gains is tax-free. At least, it used to be \$500,000.

The first reform reduced this exemption to \$100,000. Now they want to eliminate it, arguing that it only benefits the rich. This statement, however, requires careful scrutiny. If this measure benefits the rich, it also benefits the future. Some of those who used this capital gains exemption are not affected because they have already exceeded the limit. Many people benefited.

When we say that our financial situation is difficult and that the country is in debt because of our social programs, we should take an occasional look at the cost of tax expenditures. If this approach is not valid today, why was it in the past? Of course,

we can say at some point that we must provide the tools needed to stimulate investment, to encourage people to invest in economic development, with appropriate tax incentives. Although investments are still needed today, we say: “No, this measure benefits the rich. It took us a while, but we have finally realized it”. In reality, this penalizes young people like myself, people of my generation. Those who would have benefited in the future will be denied this advantage. This is a sacrifice we are willing to make in the fight against the deficit. Although we are willing to make this sacrifice, I find it very difficult to believe that it penalizes today’s rich people.

We now must work on this in committee and I can say right now to Liberal Party members: Older people seem to have a problem with this measure this year. The finance minister’s budget provides an election in respect of gains accrued before February 22, which authorizes tax-selling throughout the year. To go back to the example I gave earlier, suppose I now have a cottage worth \$50,000, which I bought for \$20,000. I could resell it to myself for \$50,000. If I sell it for \$80,000 in 15 years, the only taxable portion will not be \$80,000 minus \$20,000, or \$60,000, but \$80,000 minus \$50,000, or \$30,000, which is the increase in value between February 22, 1994 and the date of the sale.

So this year everyone can sell their tax benefits to take advantage of the exemption for the last time. They must do so before the end of this fiscal year.

Take a senior who collects an old age pension or the income supplement. He must declare it on his tax return under capital gains so his net income which is used to calculate the amount of his pension is artificially increased this year, even though he did not collect it as income. As a result, he might lose some pension or income supplement. There is a problem, because some seniors are being penalized. We would have to know who is being penalized. We will need the information. How much money is involved and why was a mechanism not provided so that people are not discriminated against on the basis of age? Someone who is 64 is not affected, but someone who is 65 or older and makes a capital gain may find his pension or income security affected.

(1550)

This needs to be looked at carefully. I say that some amendments should certainly be possible. I talked to some accounting offices and they told me that it happens in many cases. Sometimes people take a while to react and now, thanks to the vigilance of some people, we are starting to realize that things are not quite right and that something is not working as it should. We must ask the government whether it intends to penalize seniors or if it is ready to develop some way so that they can avoid being penalized.

I comment now on another measure, the tax credit for charitable organizations. Since the government wants to implement a social program reform which will hit hard, there is good reason to consider providing additional support, so that these groups

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would somehow have the option of finding their own sources of income. Many officials representing community groups, agencies, charitable institutions and philanthropic organizations told us that this was an avenue to pursue, adding that an evaluation should be made of how much it costs the government to either give funding to organizations, or encourage them more strongly to raise funds. Then the government's participation, from a fiscal point of view, should be looked at.

This is an avenue which must be pursued thoroughly, and the minister should conduct such an analysis before going ahead with in a social program reform which will adversely affect these groups.

The few measures proposed to close some loopholes are symbolic of the will of this government to eliminate all existing loopholes in the taxation system. We keep raising the issue of family trusts, which is still being examined by a committee. More people than ever before feel that there is a lot of money involved. It is very difficult to get information. In fact, it is almost impossible. But the government does not seem interested in getting that information.

The government will consult on just about anything, but it cannot provide the required information to form an opinion on this issue. Eliminating family trusts might be much more profitable for the government than implementing the few proposed measures. These measures must be taken too, but there are initiatives which would help restore public confidence.

People say that there is a problem with family trusts. When it comes to RRSPs, the government says: What we want to do is take a chunk of your future income now, either by taxing RRSPs or by lowering the maximum to which you can contribute. It is essentially telling people that they will have to pay taxes immediately instead of when they cash in their RRSPs. However, the government does not follow the same reasoning when it comes to capital gains in family trusts. Indeed, it may take up to 80 years before such gains are taxed.

I do not see any logic there. The time has come to target the general public—and it is true that this is the most profitable move, because it affects the largest number of people—but the middle-class is tired of always being the scapegoat, while those who earn the most are left alone.

I watched the Minister of Finance last week, when he was the guest on Jean-Luc Mongrain's program. There was a pyramid of small blocks representing social classes. Mr. Mongrain asked the minister: Where are you going to cut? The minister was hesitant in choosing a block, thinking: I cannot really go for the middle one, because all the other blocks will fall and it would not look good. He was reluctant to take the block at the top. And when he realized what he had to do, Mr. Mongrain asked him: "Why not take the top one?" He took it without any hesitation and said: "I will take them first". Surprise, surprise! Everybody

saw him hesitate when he went for the block in the middle, representing the middle class. That was an object lesson people will remember.

There is another aspect to this and I am referring to butterfly companies and tax shelters. This was partly addressed in the last budget. The government should listen a little more to the Auditor General instead of just paying him to publish his annual report!

(1555)

The government has invested \$50 million in the Auditor General's activities, so we might as well make sure this money is made more productive. I am not saying they are not doing a good job, but the government has to use the information they provide. There are still many so-called problem countries listed because of the opportunities they provide for tax evasion as a result of a lack of reciprocity between their tax systems and ours. There are still 16 countries on this list, and in some cases an investigation followed by corrective action would be necessary.

It gets very complicated when you want to go after the top blocks. When you want to get at the top of the pyramid, it is not easy, and the government never seems to have the best tax experts. They are all in the private sector, and they know how to use the tax system to make money. So I do not believe that is the answer.

We have resources here to be able to evaluate all this. People know that but of course there is a very strong lobby, and lobbying expenses are tax deductible, would you believe. They did not talk about that either. They may talk about cutting the amount you can deduct for charitable donations, things like that, but never a word about lobbyists. Perish the thought!

I was talking about the measures we support and that there is room for improvement. I will now talk about the measures we oppose, because we will vote against this bill since it contains measures that would not appear and, in fact, are not in order. Those of my colleagues who will speak on this bill will have a chance to come back to this issue, however, the government singled out the age credit and I will devote a small part of my speech to that.

Although we did not estimate its impact precisely, we have some questions about the reduced deduction for meals and entertainment. We are not necessarily dead set against it, but we would like to evaluate its impact, and we will be able to do that in committee, since there is some time left before its implementation.

Then there are the investment tax credits. The notion of regional development seems to have been dropped. The region is Canada as a whole. I will come back to this to explain what happened. Technically speaking, it is rather complex, but things have happened. There again there is a lack of imagination. Revenue has to be raised but during election campaigns can-

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didates always say, and the Prime Minister was no exception: "We will not raise taxes, at least not in the first two years".

Yet, we tax employee benefits like employer-provided life insurance. Previously the first \$25,000 of coverage were tax free, this will no longer be the case. Why is the government afraid of saying that it is a new way to get more money? Because it would not be able to claim that it did not raise taxes. However, taxpayers realize that as the years go by, there is less money left in their pockets.

They are told: "No, we did not raise taxes". They think: "This does not make sense! The government finds all kinds of tricks to come and take our money". Then, people start getting mistrustful, and they think: "It is my turn now to get even and find ways to avoid giving money to the government".

Therefore they deal under the table, they pay cash and avoid paying taxes. Merchants, too, get on the bandwagon, for they are also consumers. Many small merchants, who belong to the middle class, are just as frustrated as consumers; they understand their fellow consumers and they do the same thing. This is how the underground economy was created. The finance minister does not agree with his colleague, the revenue minister, on the size of the underground economy, nor do they agree on the importance of tightening the collection of unpaid taxes.

For his part, the finance minister claims that efforts are needed, that it does not make sense, whereas the revenue minister tries to minimize the situation regarding unpaid taxes. With a sudden change of heart, Mr. Martin realizes that there is a good deal of money there, but he admits that there are few solutions for improving the situation.

You know, we have seen it before. Year after year, it is the same thing. I recall especially the past three years, maybe because I am the youngest. I believe the next budget is going to be tough, it is going to hurt. This is what we see in the press every November or December. In January, the finance minister will say: "I will not comment on individual measures, wait for my budget". In February, we get a budget which is not all that tough and the deficit for the year is reasonable. The big deal this year is that the deficit is not higher.

(1600)

It will probably be around \$38 or \$39 billion, but some expenses are not recurring. This year, for instance, the Unemployment Insurance Fund has a surplus so that the deficit is two to three billion dollars less than last year. But this is not a reason to rejoice. We have skipped a turn, there was a non-budget or rather a budget without any effect. They believe that economic growth will solve the problem but we will need much more than that.

I would now like to talk about the regional investment tax credit. I will try to be as simple as possible about all the technical aspects. There were three regional investment tax credits. There was the special investment tax credit; the investment tax credit in the Atlantic region and the investment tax credit for scientific research and experimental development, also in the Atlantic region. To tell you the truth, nothing is simple in the taxation system; there are numerous credits, and the fact that the federal government wants to take action of its own in regional development often results in that kind of situation.

The first one, the special investment tax credit of 30 per cent is abolished. It was mainly used for buildings, machines and equipment.

The second one, the investment tax credit in the Atlantic region, is reduced from 15 per cent to 10 per cent.

The other one, the investment tax credit for scientific research and experimental development, which was 30 per cent in the Atlantic region and 20 per cent elsewhere, is reduced to 20 per cent across the board.

We can see that regional investment tax credits are generally not considered as effective economic means to attract additional investments. After a while, we can see that they do not have the results expected.

The real question to be asked is: Why? Why did it not have the expected results? Because there must be a direct incentive somewhere. Maybe if there were not always the same problem with two governments, each in its own way, trying to stimulate experimental development, especially aimed at small and medium size enterprises—because it is the thing to do nowadays, when you are a finance minister, to talk about small and medium size enterprises. They talk about it but they do not necessarily act on it. It always sounds good in their speeches. They talk about measures especially for them.

When you look at the way things are, when you look at these people, who are born entrepreneurs, who came up with good ideas and were able to capitalize on it, you come to the same conclusion as many have, including the Standing Committee on Industry and other committees. These people have strong points, these are brave and enterprising people who are helping to build Canada and Quebec, but they also have some weaknesses, one of them is their lack of administrative expertise. This could explain why some projects have failed.

These people are good businessmen and women, with good ideas, but we provide them with such complicated tools; depending on where they are located and what they do, with this type of tax credit, there are three possibilities—They become so disheartened that they start to think that, with all the time they are going to lose on these tax breaks, they might as well go back

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to their business and get some more work done. It would cost less and they would be able to save more money than they would have by using the tax credit.

They are not entirely wrong, since consultant services in this area, whether we are talking about lawyers, tax specialists, or others can be costly. This may be why they are not widely used.

With regard to regional development, here is what we say to the federal government: Instead of squandering your money, why not transfer these resources to the provinces which are probably in a better position to understand the specific needs of their regions. In turn, the provinces can allocate this money anyway they want to.

For example, transfer the tax points and assess how much these credits are costing you. Tell yourself: We still want to help businesses, because we know there are future entrepreneurs out there and we want to help them work on their weaknesses, like their lack of interest in research and development, so we will provide them with the means to do so. Transfer the resources where they are needed. We are not talking here about transferring dozens of tax points, these are not major expenditures, but we will see what will happen.

(1605)

I am convinced, as many others are, that the closer a level of government is to people, the more it is able to understand the people's specific characteristics. We should stop managing everything from this level and we are certainly not doing so with this measure. What the government is doing once again is setting its own standards nation-wide, and it will continue. . . I am sure other tax credits will be created and soon the situation will be just as complex as what we have now.

This year, the Auditor General was harsh in his judgment, especially on the issue of money. Even if our country lags behind in the area of research and development, the little we spend, we spend inadequately. And this comment applies to all areas. In almost all fields of activity, people say we are spending too much and they are convinced there is a better way to spend whatever amounts we do spend. Better spending practices alone would improve our performance in the area of economic development. But it is hard for such changes to get to the top, all the way to this place. Whether we are talking about the tax system or the transmission of information, it is always a problem for changes to reach the highest levels. The message does not always get there, in spite of numerous consultations.

Another measure is the age tax credit. It certainly is striking. At one time, the present Minister of Human Resources Development was a member of the opposition. He was there during the Tory period. We all remember the Charlie Brown incident, when the Tories launched an attack on the old age pension. Just look at what he said in those days. He said this, about the budget, here in this House, on June 18, 1985: It is a fact that the government has reduced considerably, and in a backward way, the purchasing

power of seniors. Not only are they being deprived of income assistance, but their purchasing power is also being reduced. And as if this was not enough, the government hits them again by cutting two billions—in dollars of 1985—in transfers to provinces, between now and 1990. Clearly, this budget is an attack on several fronts against seniors' incomes. Now, in their first budget, the Liberals reduce the age credit. Eight years later, they do exactly what they opposed back then.

We sometimes have this impression of *déjà vu*. At one time or another, we all feel as though we have already lived a particular experience. Since the beginning of this new Parliament, we often have this feeling of being back to 1985, under a Conservative government. The Liberals conduct the same consultation exercises that they criticized before, and they do so regarding the same issues. They deal with problems in the same way as the Conservatives did, something which they would never have dared mention during the election campaign.

Let me explain this age credit. People aged 65 and over can ask for a tax credit equivalent to 17 per cent of \$3,500. This is a non refundable credit; in other words, it can only be applied to the tax payable. If there is excess tax to be paid, the credit cannot be refunded. That credit translates into a tax reduction of about \$610 per year. From now on, seniors with a net income of over \$25,921 will see this credit diminish progressively with every dollar over that amount. The credit will totally disappear when the income reaches \$49,100. Is this the level to be found at the top of the pyramid the Minister of Finance was talking about during the TV interview he granted to Mr. Mongrain? Was that the top block, an income of \$25,000 or \$26,000 for the elderly?

In the meantime, a new level of Old Age Security benefits is being added. The government clawbacks the old age pension it pays to people with incomes over \$52,000. This level includes income from about \$52,000 to \$80,000. Now the government is proposing a new level for incomes between \$25,000 and \$49,000. Is this the basis for a new scale or, where old age pension is concerned, is the government trying to add new levels to the existing scale in order to reduce benefits? I think we have good reasons to be concerned. Very often, this is the way things happen. Once you have an in, it is easy to do whatever you want. Here, the government has set this new level and in the future we will most probably see the government adjust or recover pensions paid to elderly Canadians with a net income of over \$25,000.

(1610)

Older Canadians are concerned and have trouble understanding why they are the first to be picked on in this budget. Over the next three years, the government will recover \$500 million. In 1985, the Minister of Human Resources Development feared that the then government would clawback \$2 billion over a period of five years. But now he is not concerned about the \$500 million the government will recuperate over the next three years. The worst part is that what he was objecting to was partly implemented, therefore older people already lost money. He

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thought that was indecent, but now that the government is asking for more he is in the Cabinet and he is going to do it.

My colleagues will have a chance to elaborate on the issues regarding seniors, but I must say that senior citizens are more and more concerned. This is somewhat ironic, because members opposite, to fight Quebec sovereignty, go to retirement homes and talk to seniors, trying to scare them. They tell them that Quebec separation would endanger their well-being and they use the vilest substantives they can find. They blackmail them with their pensions, because the cheques they receive bear the log and flag of the federal government.

Yet, this same federal government is the first to pick here and there in their pockets. Yes, there is something to do collectively to fight the debt. While there might be some categories of senior citizens willing to do more, they do not want to be first because they do not seem themselves as different from other taxpayers. We should strike at the top of the pyramid, at those who benefitted from the capital gains exemption in the past. Today they are still alive, and probably rich. This is no coincidence.

When we draw the pyramid, we realize that the top gets higher, but that the middle is slumping. We have a pyramid with an ever bigger base and an ever higher and narrower peak. The gap between rich and poor is widening.

Of the 20 million taxpayers, 50 per cent have incomes of less than \$20,000 and 60 per cent, below \$25,000. At this level, there is not much hope of getting at the top of the pyramid, and by so doing perhaps make our society more equitable, high enough to dare demand that those who finance the major political parties do their share to solve the debt and deficit problem in general. It seems difficult to ask for such an effort.

In conclusion, all committee members will look at these legislative measures in detail and report back at third reading in this House. This is a relatively timid and cautious budget, probably because the government ran out of time. People have high expectations for 1995; they expect us not only to reduce the deficit but to do it in a fair and equitable manner. Successfully meeting the debt challenge requires that everyone co-operate by fighting the temptation to evade taxes. To achieve this goal, people must know what the government's intentions are and feel that it is acting fairly and equitably. They are willing to give the Minister of Finance a chance because he is new at this and because this will be his first real budget this year.

They may blame him for wasting a year. We lost two years because of the election; one year because after its leadership race, the Conservative Party did not dare table a budget. They decided to give some leeway to the new administration. Then the newcomers argued that they got there too late. As a result, we

lost two more years in the fight against the deficit, two more years during which the debt grew by \$40 billion. That is a lot of money. This additional \$80 billion is costing us between \$5 billion and \$6 billion in interest charges alone.

(1615)

That is a lot of money, and I cannot help talking about an impending threat with respect to the next budget. Rumours to the effect that RRSPs will be affected continue to circulate. And there is no truth to the allegation that the Official Opposition is keeping it alive, contrary to what the hon. Parliamentary Secretary to the Minister of Finance maintained three or four weeks ago and, realizing it was not credible, stopped saying so, but now, someone is playing the parrot, taking an old quote and circulating the same rumour again.

The Minister of Finance could very easily state, in any of the speeches he makes in his travels—because I am convinced that he gets media attention when he travels—that plans to put government finances in order, for next year, do not include taxing RRSPs. Because there is a problem. People who try to sell RRSPs, who are trying to get other people to contribute, are faced with the normal reaction of individuals telling them: “Sure, but there is much talk about RRSPs. Apparently, they are going to be taxed. We are going to have to pay tax on that money”. It does not sell well. Potential customers are sceptical.

They may go for it, but it will probably be more difficult this year to sell RRSPs, and that constitutes saving. One of my colleagues, the hon. member for Rosemont, quoted statistics on consumer saving in Canada, showing the decline in saving. On one hand, we could be glad that people are consuming more and stimulating our economy, but on the other, we must be concerned because their ability to consume is increasingly limited.

There is a problem, because our recovery could level off, especially with what is happening to economic growth in the United States, which is operating close to capacity, raising fears of inflation and all that this involves. So we need savings. Hitting savings would send a very bad signal. Not only is our future being mortgaged and our debt burden very high but today they want to take a bite out of our future income as well.

I am very worried. I am trying to think what the situation will be for a finance minister in 15 or 20 years. He would be able to count on the income from retired people since they will be cashing in their RRSPs. Instead of collecting benefits, many will be taxpayers. If they are not encouraged to invest in their own retirement—and anyway, all they are doing is deferring income tax—what will happen in 15 or 20 years? Again, the room to manoeuvre will be limited.

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Let us solve the government's financial problem without touching RRSPs and within 15 or 20 years, we will have a much greater pool of revenue. I am concerned, but it also makes me smile, that in the finance minister's grey paper, it is listed as a tax expenditure, with a very awkward calculation, but basically it is deferred income. If someone puts money in an RRSP, it will be taxed when he takes it out.

It is true that many taxpayers could find their RRSP taxed at a lower rate than it is today. That is the incentive for the government and that is a tax expenditure. The tax expenditure is not the amount which taxpayers can deduct this year: It is only the difference between what they would now pay in taxes and what they will pay when they cash in their RRSPs. This might be a sizable amount, but it is also the actual figure which the government should quote.

However, the government uses a different approach. It would rather come up with huge figures and say: "It costs us \$15 billion". We are not only talking about RRSPs, but also about registered pension plans. The government says that it badly needs money and that it must get it somewhere. Then it is quick to add that it might be a good idea to look at this option, using the argument that rich people who put a lot of money in their RRSPs are benefitting more than others.

But that is not necessarily the case. Indeed, when these very rich people cash in their RRSPs, chances are they will still be in the same tax bracket. Consequently, in their case, it is strictly a tax deferral.

(1620)

The government should tell it like it is. When it calculates tax expenditures, it should do so accurately.

In conclusion, I want to point out that there are measures such as the use of RRSPs for the purposes of the Home Buyers' Plan. RRSPs could be a more effective tool for economic development, based on the argument that, maybe, people should invest more at the local level. Whether or not this is a good idea could give rise to a long debate.

So, the government takes such measures but, at the same time, it is considering going after RRSPs. This is not good, and I hope that the Minister of Finance will have the courage to say: Enough is enough, RRSPs will not be touched this year. Just like he said he would not lower UI contributions.

The Bloc Quebecois opposes the bill as a whole because it targets seniors. Some measures will have to be clarified in committee and, in any case, we will discuss it again at third reading. The real budget will be tabled next year and people will not be as tolerant as they were this year. That budget will have to bring results.

[English]

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise today to address Bill C-59, an act to amend the Income Tax Act and the income tax application rules. This bill is nothing more than a 110-page sequel to the confusing, convoluted Income Tax Act which has become a 10,000 page script of income tax rules, regulations and subsections.

I am beginning to think that the Income Tax Act is some sort of secret government IQ test. Like most sequels, Bill C-59 serves up more of the same, showing no new ideas, no new twists and, for the most part, it would have been better if the writer had sat down and spent the time writing something new.

With Bill C-59 the federal government eliminates the \$100,000 lifetime capital gains exemption which will seriously impede the build-up of capital in Canada. This is at a time when most wealthy people have already used up their exemption, whether it was the \$500,000 or the \$100,000. It is nothing more than a tax on the middle class who are the very people the Liberals purport to represent.

What the government should be doing is eliminating \$5 billion in direct subsidies to businesses and start privatizing some of the 380 crown corporations. Like the Conservatives, the Liberals have continued to pick the pockets of taxpayers.

The biggest job that the Liberals are working on right now is figuring out how to get more money from the taxpayer without disturbing the voter. It boggles the mind to watch the government go after capital gains. It is considering taxing RRSPs and it is apparent that the Canada pension plan is in major trouble due to revenue shortfalls.

The questions that beg to be asked by Canadian taxpayers are: What is in it for me? Where are the incentives? What benefit do we get from government spending? Can someone give us a break? The answer is no.

The average benefit to taxpayers is about \$20,000 per person while they are paying out about \$22,000. In other words, they are getting less in benefits from the government than what they are paying in taxes. That is why people are very sensitive about paying taxes. We are at the high end of the tax scale. In fact, we are too far at the high end of the tax scale.

For the Liberals it is the same old story. The answer to these questions and problems are very complex. They must be studied. They will need committees, subcommittees, task forces and of course, to quote the finance minister, input for effective output and we must square the circle to solve the problems facing Canadians.

A planned economy is what the Liberals are targeting with infrastructure, a \$2 billion expense; CIDA, Canadian Inter-

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national Development Agency, \$2.2 billion, let us develop the other countries, let us help them not Canada; direct grants and subsidies to businesses, \$2 billion. Yes, a planned economy. That is when the politicians make the plans and the people make the economies.

We have seen this movie before under directors Trudeau and Mulroney. Now we are going to add director Chrétien to the list. The only solution the current finance minister can come up with is to blame, first, the previous government for the inherited debt of \$480 billion, as the Liberal government conveniently forgets that close to \$200 billion of that was left by them when it left the House in 1983–84.

(1625)

Second, the finance minister blames the Bloc Québécois, the separatist official opposition, which he claims is negatively influencing the investment community.

Third and most recently, after a year in power he blames small and medium size businesses for not increasing productivity in the marketplace. It is their fault the economy went into a recession, according to the finance minister a couple of days ago in an interview with the *Financial Post*.

What will be the fourth excuse? I do not know but it will not be addressing the real issue. I would like to tell Canadians that Reformers and the Reform Party are currently working on a different script, a new story that will have a better ending for all Canadians.

If there is anything this bill proves it is the need for true tax reform. Listen to the 12 items the finance minister is trying to deal with: capital gains exemptions; employee benefits; age tax credits; homebuyers plan; charitable donations tax credit; business meals and entertainment expenses; tax shelters; partnership interests; divisive corporate reorganizations; investment tax credits; expenditure limit for scientific research and experimental development; small business deduction and mine reclamation funds.

Mr. Schmidt: Mind boggling.

Mr. Silye: Yes, mind boggling.

Although we support all of these measures with the exception of the capital gains elimination, it represents a whole bunch of tinkering with little gain for Canadian taxpayers and the government. It has spent a year doing nothing but politics as usual, as did the Conservatives. Canadians voted for change. They thought the Liberals would change the way we conduct business and they have changed very little.

We need a new set of principles to set a new direction for federal taxation. The need for reform in matters of taxation is widely recognized. The federal government under Brian Mulro-

ney raised taxes 33 times and implemented the GST plan in the face of widespread opposition.

The Liberal government is now considering revisions that will inevitably prove to be even more unsatisfactory, a combination of the son of GST, called the NATVAT, or a surtax on income or both. Consumption taxes on top of income taxes are not the answer.

Five fundamental principles should be applied to the Canadian system of taxation: first, all taxation programs of whatever kind should be for the exclusive purpose of raising revenue to fund authorized government spending and should not be for the purpose directly or indirectly to shape economic or social activity.

Second, all taxation programs should be consistent with the governmental role of creating a framework. It can be square or round, whichever—we do not have to mess around, whether we square it or round it, or round it or square it—just do what is right so it widens people's choice and wherever possible leaves power and responsibility in the hands of the people.

Third, tax legislation should be simple and easily understood by taxpayers, permitting most taxpayers to file their own returns.

Fourth, taxation should be visible, that is, no hidden taxes.

Fifth, rates of taxation should be limited and not punitive for both individuals and corporations. The incentive should be to reward production and leave more dollars in the hands of taxpayers and wage earners than the government. The only purpose of taxation should be to raise funds.

However, we have become accustomed to a multiplicity of objectives in our taxation system. It tries to encourage domestic production, investment in certain industries, charitable donations and further education. It tries to discourage smoking, drinking, imports and pollution. Unfortunately it also ends up discouraging taxpayers.

There will always be convincing arguments for making the taxation system more responsive to some other government initiative. Examples are taxes on petroleum products to protect the environment; taxes on alcohol or smoking to reinforce moral standards and healthier living.

(1630)

Once we give in to one of these arguments we leave ourselves open to making judgments based upon personalities, effectiveness of lobby pressure, political expediency and other human frailties.

I believe the only purpose of taxation should be to raise funds needed to pay for government programs approved by the Canadian voters. I believe a proportional tax is the answer to creating a simpler, more efficient and more effective system of taxation.

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The idea of a proportional tax is an attempt to improve upon the flat tax models that have circulated for many years to improve upon the single tax as proposed many years ago by the member for Broadview—Greenwood who is presently working on the single tax and trying to refine it, improve it and make it understandable to the government. Now that he is on the government side it would be hoped that members of the government would pay more attention to the proposal because it has a lot of advantages. There are a lot more advantages than disadvantages.

Of course it has that one big weakness that governments do not like and that government bureaucracies do not like. It is too simple and because it is too simple it will not work. It has to be complicated, convoluted and confusing before governments will support it.

An hon. member: Isn't that a shame?

Mr. Silye: That is a shame. Much has been made of simplifying the tax system. Successive governments have succeeded only in adding dramatic complications while explaining at the same time that they are simplifying it.

The member for Broadview—Greenwood as he spoke to the bill today found himself saying—and it was the only part of the speech I did not like—that he supported the 12 measures and that it did improve the Income Tax Act. While it laid out a more level playing field in 11 areas, it distorted the capital gains area. It is easy to fall into that trap.

We defend a bill by explaining that it simplifies things, yet we are adding to the problem. I do not know the cost in millions of dollars for this one bill alone, but it probably involved modifying different regulations, sections and subsections to get the 12 items changed in the Income Tax Act.

Mr. Schmidt: It is 110 pages.

Mr. Silye: No, the Income Tax Act is more than 110 pages.

Mr. Schmidt: No, no. That is the addition.

Mr. Silye: The addition is 110 pages. It is amazing. The vast majority of individual Canadians should be able to confidently prepare and file their personal income tax returns without the services of tax consultants. Tax consultants should be busy calculating taxes on profits, not companies going into receivership.

Requirements of a simple and fair income tax system are one flat rate of tax, one personal exemption amount per individual, the same deductions for all individuals and corporations, and a clear understanding of the definition of income. A simplified tax system also allows lower income individuals to claim a personal exemption to avoid taxes on a basic living income. An individual's income is much easier to track than an individual's expenditures.

I would suggest that a proportional tax on income is the most acceptable tax model for Canada. It is a flat tax model that would be ideal for provincial and municipal governments, although I am aware that the federal government cannot and should not force provinces and municipalities to adopt any particular tax policies.

What I mean is that the government determines where it should spend the money, what programs Canadians want and need and how much is required to deliver services. In the process it has to be evaluated which government can better deliver a service. As some of the services are pushed down to lower levels of government and are within provincial jurisdiction, they are given the same points in taxation to raise the money for services because the federal government will no longer need them.

That is how the system would work. That is how we could clean up the current Income Tax Act. That is what I mean by taking out income taxes as the driving vehicle for economic and social development and social policy.

I call our version of the flat tax a proportional tax versus a flat tax or a single tax because it would be calculated in proportion to family size, income and therefore according to the ability to pay. I will explain that a little further on when I get into a sample of a single page tax return that I know members would look forward to filling out one day in the near future.

(1635)

There is considerable logic to adopting a taxation system that can be efficiently administered. The calculation of income would utilize generally accepted accounting principles without special rules specified by government.

This proposal defines income to be productive income from employment, business and investments, including interest income, capital gains, pensions and dividends. It also allows immediate deduction of capital acquisitions in the year of purchase but would not tax capital gains on an individual's primary personal residence due to many economic variables over a long period of time.

Let me review two tax forms that I believe would improve our international competitive advantage if we adopted them within two years. I am borrowing some of these points from the member for Broadview—Greenwood, but it is very critical at this point to get a handle on excessive spending by governments, have more efficient and effective spending by governments, determine which levels of government should be raising and spending that money for delivery of services to the people, determine which crown corporations should be privatized and which ones are better administered and run by the private sector versus the public sector. I cannot be told that all 380-plus crown corporations are better in the hands of government bureaucracy.

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I recommend that over 90 per cent of them are better off in the hands of the private sector.

Yes, there are some businesses and corporations that should be administered by the crown and we should retain them, but we should have a review of which crown corporations should stay in government hands and which ones should go to the private sector.

By deciding which level of government should deliver a service we have removed the need to raise x amount of funds for the federal government. By privatizing we eliminate the need of direct subsidies to crown corporations and businesses of \$2.2 billion. That is another saving.

Another aspect is the process of doing a government review of government programs. No standing committee that I know of reviewing the prior year's spendings on the main estimates talked about a sunset clause. We do not have a habit of doing that in the House.

Very few programs expire on a certain date; they go on ad infinitum. In many cases cabinet ministers, ministers of the crown who are currently trying to do the job that they were elected to do a year ago, are in no way, shape or form in control of the purse strings. Money is being spent by administration, by the departments, that they only find out about if it hits the newspapers or if opposition parties point out the misspending of moneys. That just proves my point that we hold cabinet ministers accountable but in effect they are not the ones who are spending the money.

This has to be fixed and we are trying to tell the government how to fix it. We are trying to point it out to the government, yet somehow it refuses to listen to us and ends up embarrassing itself. It knows full well that it is not in charge of these funds in all cases.

Let us get back to the proportional tax system and what a flat tax would be like. It would be one page in length. It would be one side only. The other side would be blank so it could be folded and mailed like that. It would have employment income; investment income which includes interest, dividends, capital gains and rental income; and any other income which includes UI benefits, pensions, old age security payments, alimony, child support payments and foreign income. That would be all the areas of income that would be defined. The key principle under income is that a buck is a buck. All personal income generated in any form should be taxed with no special treatment for various forms of income.

From this income would be deducted, for example, the personal exemption. Everybody would have a personal exemption of \$12,000 to generate income; a spousal income of \$6,000 less the spouse's income; a child care deduction of \$5,000 up to age 7 and \$3,000 between ages 7 and 14. RRSP contributions would be deductible but the maximum would be \$6,000, not the current \$13,500. That would tax higher income people. They

would not be able to find loopholes to reduce their taxable income.

(1640)

This tax form is geared toward the middle income which comprises the majority of Canadians. This taxation system would help them. It is a taxation system geared to help people who make between \$45,000 and \$65,000 per year so they can raise families, look after their homes, look after their spouses and look after themselves.

There would be an age deduction of about \$2,000 for 65 years of age and over. If foreign income is declared, any foreign tax paid would be offset. Other mandatory deductions would be UIC premiums, CPP contributions and any alimony or child support payments.

The deductions I have gone through on a personal tax form are at levels the middle class can afford. It would result in more tax being extracted from the wealthy than is now the case and would leave more disposable income in the hands of taxpayers.

Mr. Mills (Broadview—Greenwood) What is your rate?

Mr. Silye: I will get to my rate in a minute. Lower income earners would be basically exempted from paying tax and families would be granted a generous deduction to help them get by on one income.

Leaving the dollars in the hands of the people who make them in the first place eliminates the need for the government to collect and redistribute the funds. There are handling costs both ways and the net result is that the person who is dishing it out and is making \$18,000 a year and qualifies for some social assistance gets less back than what he or she had in the first place. Why not leave it there? That would help relieve some of the strain, stress and pressure on our welfare program. It would be a form of savings for the government as well.

The purpose of the RRSP contribution being reduced to \$6,000 from \$13,500 would be to gear the program more toward middle income earners, thus not appearing to favour the wealthy. Spousal income up to \$6,000 would be filed on one return. However any spousal income exceeding \$6,000 would require a separate return with a \$12,000 exemption allowance. It might be a little difficult for two people to fill out two forms but I do not think that is as difficult as the current tax form.

Let me refer to the advantage of the deductions I have described. The child care deduction would help solve two of the biggest problems in our society today. We have the Suzanne Thibaudeau case wherein the recipient of child support payments said they were not enough money and she does not wish to pay tax on them, whereas the payer of the child support payments has a deduction. If we do not allow the deduction for the payer and do not tax the recipient, we will find that settlements will be less and the whole single family syndrome will be distorted.

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To help solve the problem, we would allow a reasonable amount for child care to be given to all families, to all wage earners, of \$5,000 up to age 7 and \$3,000 between ages 7 and 14. If there is a divorce, and it happens in 50 per cent of the marriages these days, the recipient of child support payments would be allowed to offset that income. The deductibility would be back to normal. It would help solve a big headache for the finance minister.

Members of the government have private members' bills that conflict with what the finance minister knows to be valid and true in terms of the taxation and deduction system. They are at odds and have a problem on their hands. I am offering them a constructive solution.

That is what a proportional tax form would look like. Some people have asked me outside the House: "How are we going to make investments? It is going to hurt the economy". The rate charged in the proportional tax would be between a low of 15 per cent and a maximum of 20 per cent. It would be somewhere in that range. It is a range right now because we have to determine what services the federal government will keep. What services is it going to look after? How much money is required for those programs? To raise that amount of money it can look at the gross incomes, look at the GDP and establish the rate.

(1645)

A corporate tax return would be just as simple. It would be one side of one page. The gross income would include GST or NATVAT or a combination, and all corporate income. The deductions from this would include GST or NATVAT paid and the cost of operations: goods, services and materials; wages, salaries and benefits; interest payments; and pension contributions. Another deduction would be dividends paid out for domestic shareholders only. This eliminates the current problem of double taxation on dividends.

Another deduction would be capital investments at cost, no depreciation. That might surprise some people because a company might be generating \$2 million in sales and qualifies for a loan at the bank and qualifies for a \$4 million land and building. That would be deductible against the \$2 million income and would create a loss. That loss would be carried forward until the profits chewed it up. I believe we should only tax income once and the recipient of that \$4 million would be paying the income tax.

The total deductions would be subtracted from the income and the answer multiplied by the rate of 15 per cent or 20 per cent. I recommend not to go higher than 20 per cent and not to go lower than 15 per cent. A system like this is simple. It is understandable. It is equitable and would be a lot more efficient.

The fundamental approach to corporate income is to ensure that income is only taxed once, as I mentioned before. If we apply this principle to the current GDP of \$750 billion this could generate a 15 per cent tax rate. Assuming that income is only taxed once that goes through the economy and would generate \$112 billion. At a 20 per cent tax rate it would generate \$150 billion.

We could almost have a balanced budget. If the government spends around \$160 billion including the interest on the debt to raise \$150 billion out of a taxation system at a 20 per cent rate and leaves disposable income in the hands of those earning it, the corporations and individuals, they would be making their investments with after tax dollars.

There would be no need to have tax driven deals and tax driven models. Accountants and tax lawyers would not be figuring out ways to create loopholes for the following two years which have to be shut off. That cycle would end.

People who take care of their basic needs, their food, shelter and clothing and make over, say it is \$25,000 or \$45,000 whatever the amount is, might have a few thousand dollars to invest. They would invest after tax dollars. They would give it to a corporation. It could be a mining company trying to raise money, an oil or gas company trying to raise money, or a manufacturing company trying to raise money.

That company would invest the seed capital, generate its product or services and would make a profit. The company would pay out dividends to the shareholders. The company would get a deduction and the recipients would pay the tax. It all works. You do not need tax driven investment in this society.

If we just get our mindset into an acceptable mode for a paradigm shift then we could make progress. The problem is that not enough people in this country are ready for the change. I will echo what I heard earlier from a government member on this issue. Until people say they want change, until Canadians recognize that change is attainable and there is an alternate solution to this dreaded Income Tax Act and the income tax that continues to rise and confuse people, until they accept the need and demand change, nothing will happen.

I encourage all those who hear this debate to write their members of Parliament or the finance minister with a copy to their members of Parliament. Demand a response to the question: Mr. Finance Minister, why will a flat tax not work? If he has no answer, then ask him to check with the member for Calgary Centre. I will provide him with some talking points.

(1650)

I want to speak about the provinces again for a second. The current provincial tax rate would apply on the federal tax payable as it is now.

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With corporations paying for tax this could mean more revenue. We always hear from the Bloc members and some government members that corporations do not pay their fair share, that we have to tax corporations more, individuals at their maximum, but we have to go after corporations.

Corporations would be glad to pay 15 to 20 per cent. Individuals would not be glad but they would be willing to pay 15 to 20 per cent. Then we would get rid of a good portion of that underground economy which people know can vary from as low as \$18 billion to \$100 billion depending on the economists and their mood for that day. If we brought this income out into the open we would make gains.

The GST or the NATVAT, or a combination of the GST and NATVAT, and a surtax on income, whatever the finance minister finally does in a year, I am sure it will be the NATVAT. If it is not the Deputy Prime Minister will have to resign. She made a commitment during the election campaign to resign if the government did not scrap the GST. I am going to hold her to that. I will remind her of that as we get closer and closer to January 1, 1996 which according to the red book is the date by which it will have eliminated or scrapped the GST.

With a combination of solid revenues and reduction in government operations and expenses the result would be an impressive surplus to go toward debt retirement. Then we could lower taxes further if we wanted to. We could go to 10 per cent or 12 per cent. The Japanese currently have a single rate of 17 per cent.

This system would be simple, understandable, equitable and efficient. It would eliminate the need for convoluted tax bills like Bill C-59. The government would not have to tinker with all these social programs, the economic and business driven programs. It would supply programs to the Canadian public, determine the cost and raise the money to pay for them. It is done and they are not tax driven.

Tax reform of this magnitude cannot take place without a renewed commitment by the federal government to cut spending and balance the budget. There are two sides to this issue. As the song goes, you can't have one without the other. Thank goodness that at least now after a year of our harassing the Liberal government is listening to Reform and the finance minister is planning cuts of \$9.5 billion over the next two years.

I am pleased we are making some progress. I am pleased our pressure is working because it is important. It is not important for us to make political gains. It is important for us in terms of being Canadian citizens that we are doing something in this House for the good of all Canadians.

Canadians have been unequivocal in expressing their opposition to further tax increases. Here is a solution that lowers taxes. We in the Reform Party have heard the message.

The bottom line for the Reform Party is that the next federal budget must not increase the total tax burden on Canadians. However I have a hunch the finance minister will be forced to find ways and means by tinkering around and probing, a little thing here, a little thing there and will increase the overall tax burden on Canadians.

The Reform Party does not object to the principle of eliminating inequities in the existing tax system. That is why we support 11 out of the 12 elements of this bill. It does level the playing field. It does make necessary modifications. With the exception of the elimination of the \$100,000 capital gains, we would be in favour of the other items.

We believe the solution to our structural deficit problem must be found on the expenditure side rather than the revenue side. Elimination of the deficit in three years requires substantial measures. It is not the reduction of the deficit to 3 per cent of GDP, it is the elimination of the deficit that will help us out of this mess.

The Liberal government did a good study. It found that in Europe the Maastricht treaty recommended that those economies should target themselves to 3 per cent of GDP. What it did not tell the Canadian public I am going to tell them right now. In the economies in Europe the 3 per cent of GDP in the Maastricht treaty applies to all levels of government.

Here in Canada if the Liberal government's intention was to copy what is being done in Europe, then we would have to look at the size of the provincial debts. They add another \$250 billion collectively. The reduction and the target for the deficit as a ratio to GDP should be 4.5 per cent.

(1655)

That is why we say that 3 per cent is not enough and not fast enough. It is the elimination of the deficit that is important so that this wonderful country, this beautiful home we live in can finally have a mortgage. We could finally take that debt, equate it to a mortgage on a home and remortgage our home over a 30 year period. We could start to pay off the principle and not just borrow money to pay the interest.

Assuming a deficit of approximately \$40 billion based on the finance department's total 1994-95 deficit forecast and revenue growth in the range of \$14 billion to \$18 billion based on the finance minister's grey book scenario, it becomes apparent that government expenditures must be reduced by \$22 billion to \$26 billion over a three year period.

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Deficit cutting is an exercise in setting priorities. We have pointed these out. Many members in the Liberal Party laugh at us and mock us, but we are serious. I stand before the Liberal Party today in all seriousness and suggest that the people at the top of government must be the first to make significant and visible sacrifices before introducing cuts to government spending.

Many members of the Reform Party have done so and many members of this party will continue to do so. It is not to belittle nor to embarrass any member in this House. All members should be free to do what they want to do, but I am of the position that we are going to show leadership by example. If we expect the Canadian public to recognize that cuts are necessary, then we as politicians should be prepared to make sacrifices as well.

Duplication and overlap between federal and provincial governments must be reduced. That is why we have to decentralize and evaluate both levels of government. Based on these principles for instance if we applied this decentralization theory and eliminated the duplication of services, \$3.5 billion to \$6 billion could be saved, if the interprovincial barriers to trade were also addressed. These are serious numbers and they are worth considering.

The overhead costs of government could be reduced as a part of a comprehensive restraint program. A 15 per cent reduction would save \$1 billion. At home if we had to reduce our budget by 8 per cent we could do it. That is all the Reform Party is suggesting, 8 per cent in one year. With the increased disposable income that this new proportional tax would present, more money would be in the taxpayers' hands. That money in the hands of the wage earners is more productive than in the hands of a politician or a bureaucrat.

The federal government should not subsidize business or special interest groups. There is a savings there of \$2 billion.

Social policy review is important. After all the studies are done it will get back in this House and we will look at it seriously. This area is 67 per cent of the current federal budget. Over a three year period there have to be cuts in the neighbourhood of \$12 billion to \$18 billion or the Liberal government will not reach its deficit targets.

The advantage of deficit elimination includes lower taxes for Canadians which leaves them with more disposable income. That will continue to fuel the economy. We would be able to remortgage our debt over a 30 year period. We could introduce a new taxation system as outlined in the proportional tax or work with the Liberal government on a single tax system if we were forced to. One way or another, I believe that together we could come up with a tax system that would put us ahead and on the leading edge of economic development and growth. We would be ahead of rather than always following the United States.

In conclusion, Canadian taxpayers have already made it clear that they want politicians with the guts and the vision to lead the way with changes that will benefit them and their children, no matter how difficult those changes may be. We have the guts on this side of the House to recommend where we should cut excessive spending. We also have the guts to put forth some tax reform ideas.

It is a shame that government members are nothing more than Conservatives in red clothing. It is a shame they have only succeeded in adopting Conservative bills for a year. It is a shame that in one year they have spent \$40 billion more than they have generated, just like the Tories. They host \$1,000 a plate fundraising dinners for their Prime Minister, just like the Tories. They make patronage appointments, just like the Tories. In three years I predict that if the Liberal government does not listen to this party, the Liberal government will fall, just like the Tories.

(1700)

[*Translation*]

The Acting Speaker (Mr. Kilger): It is my duty, pursuant to Standing Order 38, to inform the House that the question to be raised tonight at the time of adjournment is as follows: the hon. member for Jonquière—Native Peoples.

[*English*]

I have received notice from the hon. member for Glengarry—Prescott—Russell that he is unable to move his motion during private members' hour on Friday, December 2, 1994.

[*Translation*]

Since it was not possible to arrange an exchange of positions in the order of precedence pursuant to Standing Order 9(2)(a), I will ask the clerk to drop this order to the bottom of the order of precedence.

[*English*]

Pursuant to Standing Order 94(2)(b), private members' hour will thus be suspended and the House will continue with the business before it prior to private members' hour.

Mr. Boudria: Mr. Speaker, I cannot move that private members' ballot item tomorrow. It has something to do with Safe Driving Week, and I will leave it at that.

Pursuant to Standing Order 43(2), I wish to indicate that the Liberal members will be sharing their time for the rest of this day's debate.

Mrs. Brenda Chamberlain (Guelph—Wellington, Lib.): Mr. Speaker, I have listened to the Reform Party speak. I would like some clarification. The hon. member has talked a lot about support, that the Reform Party is collectively supporting a flat tax idea. I would like him to explain the rationale for that briefly if he could.

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The Acting Speaker (Mr. Kilger): I want to remind the member that we have now gone from the first three interventions of 40-minute debate without questions or comments to a new stage. Resuming debate.

Mrs. Chamberlain: Mr. Speaker, I will be pleased to give my speech.

I am pleased to participate in this debate on Bill C-59, an act to amend the Income Tax Act and the income tax application rules. Last February the Minister of Finance told this House that he was restoring fiscal sanity to government.

That budget was about jobs for Canadians now and lasting jobs for their future. More important, that budget also offered Canadians for the first time in memory real deficit reduction and comprehensive changes to government programs.

Guelph—Wellington residents are concerned about their future. They know that in the past governments have overspent. They are also concerned that our current debtload includes increased borrowing from foreign lenders. They see their money being sent abroad and they would prefer that we concentrate on programs that will encourage domestic growth.

They know that the only way to show the world that Canada is committed to real deficit reduction is to prove our commitment to fiscal discipline. This bill is an example of this commitment and I am sure that all members of Parliament will want to support this government in these measures.

Guelph—Wellington residents voted Liberal because they know we promised to bring the deficit down to 3 per cent of GDP in three years. That is a real commitment we intend to make. They knew then and they know now that the Reform Party does not have the plan for deficit reduction. They know that the Reform Party has admitted that Reformers have no idea what impact their ideas for spending cuts will have on Canadians.

Guelph—Wellington residents want spending cuts and government action to be wise, made with their well-being in mind. They want a government that is serious about its commitment to Canadians.

Let me remind this House that our program of net spending reduction over the next three years is the most significant of any budget in a decade. Eighty per cent of the net fiscal improvements set out by our government will be from spending cuts.

These cuts as demanded from my constituents and constituents all across Canada will reduce the operating budgets of government departments by \$400 million in the next fiscal year, with savings rising to \$620 million annually in 1995, 1996 and beyond.

As well, the extension of the freeze in government salaries including those of members of Parliament will provide an additional saving of almost \$1 billion annually by 1996-1997.

We have extended our ideas to include all facets of government. Grants and contributions made by government including foreign aid and grants to businesses have also been trimmed for savings of \$253 million this year and \$409 million in 1996-1997.

(1705)

Changes to unemployment insurance will reduce expenditures by \$725 million this year and \$2.4 billion annually thereafter. We are reducing. There is no question. We are making changes to our social security system. These changes are necessary in order to respond to a different and more challenging society.

In an earlier speech in this House I outlined the support that my constituents have shown for changes to social security. They know that I as their member of Parliament and we as government are listening, but they also know we can no longer provide everything to everyone.

Social security changes like those announced to unemployment insurance will recognize our diverse society, our difficult economic situation and our commitment to ensuring that our children, and my children, have a future.

Our budget is about co-operation. We have launched various consultation initiatives asking Canadians what they want in our future. These consultations have been welcomed by my constituents. They also welcome co-operation with the provinces and local levels of government which study reforms and test new approaches. The challenge for deficit reduction and wiser spending is not only going to result from spending cuts but also from revenues.

My constituents have told me that taxes are too high and I agree with them. Lower deficits will mean lower taxes. People in Guelph—Wellington do not mind paying taxes as long as they are fair and as long as they know the money is well-spent.

Bill C-59 answers some of those concerns. Included in this legislation are changes to the corporate tax system that make it fairer and also allow it to better target the tax assistance made available to certain businesses. These include the reduction in the business income tax deduction and GST credit for meals and entertainment expenses; the elimination of certain tax preferences aimed at small businesses that are utilized by some large, private corporations; the elimination or reduction of certain regionally based investment tax credits that have not been cost effective in attracting new investment.

This legislation is about tax fairness and further broadening the tax base. For example, the full value of employer paid life

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insurance premiums will now become taxable. This will remove the advantage that people with corporate plans enjoy over self-employed Canadians or those whose employers do not offer insurance benefits.

The \$100,000 lifetime capital gains exemption will no longer be available for gain realized after budget night. The income tax credit provided to persons over the age of 65 will be income tested, affecting one out of every four seniors in Canada.

This legislation also modifies the provisions of the home buyer's plan, extending it indefinitely for first time home buyers, a move welcomed by real estate people in my area and all across Canada.

The 1994 budget and this legislation are only the beginning. These fiscal measures are but the beginning to our efforts to reach our goals. Action must be taken. Our response must be comprehensive and wide reaching.

Last year we spent \$38 billion on interest payments, money my constituents believe could have been used for programs and services. My constituents have asked me to come to Ottawa and end the past excesses. Most are prepared to do without certain government services if it means we really make an effort to end that cycle of deficit and debt.

Our government is committed to action. We will meet our budget targets. There is no question. We have put an end to unrealistic projections. We are serious about meeting our commitments to the Canadian people. The measures included in Bill C-59 deserve speedy passage so we can move on to the next stage of our fiscal challenge. This legislation includes significant measures that will improve the fairness of our tax system while at the same time improving our fiscal situation.

(1710)

These measures originated in last February's budget. This was a budget that took concrete committed action to bring government finances under control, action that is an essential step in Canada's economic revitalization.

My constituents heard the message in February. They accepted it during the last election. My constituents want a return to fiscal sanity. If we accept the challenge of fiscal management we will not only restore our faith in ourselves, but we will have made a real step in ensuring that our children will have faith in us because we have acted for them and for their future.

We cannot turn back, and this legislation today calls for our support.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I want to congratulate the hon. member for her fine statements today in support of this bill. I know that she is very concerned about social justice within our country, to ensure that we are taking care of those in most need and certainly the children.

We listened to the words of the member for Calgary Centre who somehow decided he was going to outline for Canadians a simple one page tax return that you fold over and just send in, that this somehow is going to make the world a panacea and that we can reduce taxes all of a sudden by having a smaller form. I know that the hon. member who just spoke shares my view that having a shorter form is certainly one thing and lowering a tax rate is another.

She probably also would agree that the income taxes, for instance, for an ordinary member of Parliament under the Reform Party proposal would be reduced by about 13 per cent. Of course, that 13 per cent, if we assume that the total amount of revenue still has to be collected, would have to be collected from somebody else which means that under the plan it would certainly be unfair to lower income Canadians.

I want simply to ask the member if she feels that the finance minister has brought in appropriate changes and that more changes would be required, particularly in the areas of child tax credits or child care expense deductions which would maybe assist even further those most in need in our society.

Mrs. Chamberlain: Mr. Speaker, I wish to thank my hon. colleague from Mississauga South. There is no silver bullet to the mess that we are in, quite frankly. That is the reality. I think it is going to take numerous methods and types of procedures to decrease this deficit. I think that we all have to be committed in this House, every party in this House. It is going to be necessary that we put our energies together to bring some sort of financial stability to this country again.

Some of the methods that my colleague from Mississauga South has talked about are certainly going to be some of the options that the finance minister is going to explore.

As the finance minister has spoken about many times, we are going to hit our budget targets and that is going to make things a lot better in this country.

Ms. Susan Whelan (Parliamentary Secretary to Minister of National Revenue, Lib.): Mr. Speaker, I welcome the opportunity to support Bill C-59 today. Action that increases the fairness of Canada's tax system, as this legislation does in a wide range of areas, deserves non-partisan support from all members of the House. I am surprised there is any debate on this bill at all.

The specific measures in this legislation have already been amply highlighted but I think it would be worthwhile to remind members of the context which set out this legislation, the February budget.

I believe it is fair to say that our 1994 budget set in motion the most comprehensive, fundamental change in decades. It is change that focused on three central goals, goals that directly answer the concerns and priorities expressed by Canadians during last winter's first ever series of consultation conferences. Canadians wanted to see action to restore our country's economic vitality and to create the jobs so many people desperately need. The budget took that action through funding for the

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infrastructure program, a commitment to rolling back unemployment insurance premiums and through new strategies to promote small business and technological innovation, the sins of the new economy.

(1715)

It is worth pointing out that the Canadian job situation has seen a substantial improvement. So far this year, about 307,000 new jobs have been created. Just as important, those are full time jobs.

Second, in last year's consultations Canadians also told us they wanted reform of the social security system to ensure it is fair, compassionate and affordable, a reform that delivers incentives for work and creates jobs and opportunities. That reform has been launched by the Minister of Human Resources Development. The budget highlighted important steps in meeting this challenge. The link between the length of time a person works and UI benefits was strengthened. Assistance was enhanced for those with dependents. These and other actions growing from the sweeping policy review process now taking place should reduce the cost of the program further and allow premiums to come down.

The 1994 budget consultations delivered the third blunt message: get government finances under control and make government more effective, cost conscious and less of a burden that undercuts job creation and entrepreneurship.

The government has consistently made clear that these are obligations we must accept, not options. That is why the Prime Minister and Minister of Finance have staked out a concrete commitment to reduce the deficit to just 3 per cent of gross domestic product in three years. They have made clear that this is just a first step toward the ultimate goal: a balanced budget.

To support this goal the 1994 budget took fiscal action to bring the deficit under \$39.7 billion this year. Just as important, the action plan was based on \$5 of cuts in spending for every \$1 of action on the revenue side. It is aspects of this revenue side action that are included in Bill C-59. Measures such as the elimination of the \$100,000 lifetime capital gains exemption and the reduction of the meals and entertainment expense deduction for business will help the government's bottom line.

These actions do not respond to fiscal pressures alone. They are also based on improving the tax system and ensuring that all Canadian taxpayers are treated equally and equitably. To me that makes such measures an example of win, win action at its best.

Let me return to the overall fiscal challenge of the budget and our commitment to bring the deficit down to 3 per cent of the economy. I know that some hon. members feel this is too little, too slow. But I and the government continue to share the view of

many Canadians, that too drastic action could risk the economic progress needed to sustain consistent fiscal improvement.

One issue that I believe most members here can agree on is that reducing the fiscal burden of government is not enough. We must give better value for the taxpayers' dollars. That includes eliminating unnecessary or cumbersome barriers to business. The 1994 budget highlighted action here as well, including our continuing commitment to replace the GST and an intensified effort to eliminate program overlap and duplication between levels of government.

As members can see the 1994 budget undertook vitally necessary measures of which Bill C-59 represents merely a few. This wide ranging action plan is still not enough. That is why we emphasized that the 1994 budget was just the first important step in a two stage process.

Canadians have made clear that further, more fundamental change is needed in virtually every area of government activity if our country is to face the future with renewed confidence. They have told us that they must consulted on these changes. That is why the budget highlighted an extensive process of policy review and consultation to improve a wide range of policies and programs. The House has seen this process at work in the papers and reports such as those dealing with social assistance reform and financing for small business.

Based on the continuing process of policy reviews and consultations, future budgets will carry forward further detailed strategies to encourage growth and new jobs. These will also be strategies that will help ensure continuing progress on deficit reduction.

Let me remind all Canadians that this two stage approach is not a case of deferring action and evading responsibility and leadership. Rather it reflects the dimension of the challenge facing us all. As the finance minister has said, for Canada to recover and grow we must regain a sense of national purpose, a sense of national will. What we require now is the kind of effort that we have agreed to expend only a few times in our history.

(1720)

To achieve this effort we must accept a fundamental fact of Canadian life. Without reasonable consensus and real consultation, dramatic change can become a disastrous failure. We do not intend to fail because Canadians deserve success.

It is timely to highlight another aspect of our commitment to consultation and more effective government. This is the change we have made in the budget planning process itself. In the time available before last February's budget we undertook public consultations across the country, through conferences organized by independent institutes. The Minister of Finance issued a report on this process, openly addressing the advice we

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received, how the budget has responded, and why we did not accept some suggestions.

This was just the start of a deeper process of reform to bring budget planning from behind closed doors and to enlist the insight and wisdom of Canadians, including parliamentarians. As was promised in February the government has acted to further expand the consultation process for the 1995 budget. This has included the cross-country hearings by the finance committee, ongoing town hall sessions by the finance minister and other members, and the debate on budget options that occupied the House yesterday.

To support this process of public consultation, to ensure that interested Canadians are fully informed of the fiscal challenges we face, the government has arranged for a range of materials to be made available. This includes the workbook prepared by the Canadian Foundation for Economic Education which has been acclaimed for its ability to make the fiscal facts accessible and engaging.

Bill C-59 is just one part of the 1994 budget that delivered real action while setting in place the policy reviews and consensus building that will deliver further action in the years ahead. It was a budget that took steps to spur job creation while recognizing the need for real fiscal discipline and improvement. It is a budget that refused to abandon the values of compassion and support for those in real need in Canada.

Politics has been described as the art of the possible but Canadians want more than possibilities. They want to see a government committed to doing all it can through concrete, measurable action to help build a future of real opportunity and real growth.

That is the challenge the government has accepted. That is the goal the budget acted on, through the measures before us today. That is the vision we will continue to build on in the next budget and those the government will deliver in the many years ahead.

Mr. Werner Schmidt (Okanagan Centre, Ref.): Mr. Speaker, I really enjoyed the reference to balancing the budget, being fiscally responsible and making sure that expenses are under control. Those are the absolutely right things that one should be saying. We have been saying them over here.

I failed to discover in the remarks made just a moment ago exactly how this would be done by actually making a promise to people that says we would reduce the deficit to 3 per cent of GDP. This really does not ever get to the point of reducing the deficit to zero.

We need a particular sort of plan. In my opinion it is not good enough to say that it will be reduced to 3 per cent of GDP. That means a deficit in perpetuity. Or is there something I missed in

the speech that shows us clearly that there will be a reduction of the deficit to zero at some time?

Ms. Whelan: Mr. Speaker, the hon. member may want to take a look at the red book and the government's commitment. We stated very clearly that our goal was to reduce the deficit to 3 per cent of GDP in the first three years. Our ultimate goal is and always will be a balanced budget. If we can achieve it sooner, we will. The finance minister will set out a new fiscal plan in the next budget. I anticipate that Canadians will review this plan and be very pleased.

(1725)

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I want to thank the member for her excellent presentation.

I wonder if she could make a comment in the area of accountability. Members of the Reform Party have been speaking about this quite aggressively. They presented one of their proposals to the finance committee last Friday.

I took the time to add the figures up. There are five sections in their program. The bottom line when we add up their \$10 billion reduction program is it adds up to \$9.035 billion. It is short \$1 billion. It is a \$10 billion program for deficit reduction by the Reform Party that is already short \$1 billion.

I wonder if the hon. member would comment on a party that would propose that sort of accountability.

Ms. Whelan: Mr. Speaker, Reform members have said over and over again that we should be reducing the deficit to zero tomorrow. They made a proposal to reduce it by \$10 billion and the figures did not even add up to \$10 billion.

Canadians need to take a second look at what the Reform Party has been talking about before, during and since the election. They should also take a more serious look at what the government has been talking about, what the Prime Minister, the finance minister, and what all the government members have been talking about.

We are serious about meeting our commitment. We are serious about going beyond that commitment. We are serious about reaching a balanced budget in the future.

Mr. Boudria: Mr. Speaker, given the closeness of 5.30 p.m., I wonder if the House would consider calling it 5.30 so this debate would not expire and we could resume it tomorrow. If there is unanimous consent to call it 5.30, perhaps we could proceed now to private members' hour.

The Acting Speaker (Mr. Kilger): The House has heard the suggestion of the chief government whip. Is there unanimous consent that I see the clock as being 5.30 p.m.?

Some hon. members: Agreed.

Private Members' Business

The Acting Speaker (Mr. Kilger): It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

CORRECTIONS AND CONDITIONAL RELEASE ACT

The House resumed from October 7 consideration of the motion that Bill C-240, an act to amend the Corrections and Conditional Release Act and the Criminal Code, be read the second time and referred to a committee.

Mr. Gordon Kirkby (Prince Albert—Churchill River, Lib.): Mr. Speaker, the hon. member from the Reform Party has made a proposal concerning the safety of the Canadian public.

We as the legislative body of this great nation must take a lead role in ensuring that our citizens live in safe communities. That responsibility extends even with greater seriousness to those who are simultaneously most vulnerable and most vital, those who carry our future in their hands, our children.

Let me take a moment to tell of some of the things we in Parliament have done to date to try to give both immediate and long term protection to our citizens from people who have shown little regard for the welfare of others.

In Canada's early history, clemency was unconditional and only granted through the royal prerogative. In 1899 Parliament passed the ticket of leave act which established conditional release and a system of supervised freedom. The Governor General could grant conditional release to anyone as a method to bridge the gap between the controls and restraints of institutional life and the freedoms and responsibilities of community life, as one historian has noted. The Department of Justice provided supervision and eventually established the remission branch in 1913.

In 1938 the Archambault commission recommended that rehabilitation become the purpose of incarceration. The Fauteux report recommended the creation of the National Parole Board which came into existence with the passage of the Parole Act in 1959.

It is important to note that in 1969, 31 years after the Archambault report, the Ouimet report reaffirmed that rehabilitation was the major purpose of conditional release. More recent developments suggest that the protection of the public is the primary goal of conditional release.

In 1978 Parliament amended the Penitentiary Act to permit offenders to earn time off for good behaviour. Good conduct in a penitentiary, it was hoped, was some indication that an offender had changed the type of behaviour that led to incarceration in the first place. In 1978 this period of remission when offenders were in the community was called mandatory supervision.

By 1981, the Law Reform Commission expressed concern about the small group of offenders who constituted an imminent danger to public safety but had to be released under the provisions of that law.

In 1982 the National Parole Board began suspending the release of a small number of offenders who it believed presented a danger to public safety.

The Supreme Court of Canada struck down this practice in 1983, saying that the board could only suspend in reaction to an offender's behaviour on release, not in anticipation of problematic behaviour.

In 1986 Bill C-67 amended the Parole Act to permit the National Parole Board, after a referral from Correctional Service Canada, to detain in custody until the end of their sentence those offenders it deemed likely to commit an offence causing serious harm before the expiration of their sentence. The legislation introduced a schedule of offences which were considered to have caused serious harm and required CSC to review the cases of all offenders convicted of one of these scheduled offences to determine whether they should be referred to the board for a detention hearing.

On November 1, 1992 the Corrections and Conditional Release Act replaced both the Parole Act and the Penitentiary Act. This new act, known as the CCRA, eliminated the previous system of earned remission and provided that statutory release take effect at the two-thirds point of the sentence for offenders who had not been granted parole earlier. In addition, it included and amended the provisions for detention that had been added to the Parole Act through Bill C-67.

The CCRA expanded the schedule of offences to include a greater number of specific sexual offences. As well, the CCRA calls for notifying victims upon their request of when detention and other hearings are to take place and permits them to observe such hearings.

Other measures in the CCRA include requiring an annual review of offenders ordered to either remain in prison or to reside in community facilities and one chance provision for statutory release which means that certain offenders felt to represent a certain level of risk but probably manageable in a residential facility are given this one chance to prove themselves.

Any breach of condition or increase in risk requires that they return to prison until the end of the sentence with no further opportunities to complete the sentence in the community.

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These steps have all been designed to give immediate, short term protection to society by removing dangerous offenders from the streets and, more important, to give long term protection by effecting change in the behaviour of offenders so that they will never commit another crime. The bottom line, however, remains the same. We must do more to protect our children.

We said in the red book that we share Canadians' concerns that more must be done to better protect society from repeat sex offenders. These measures are part of ongoing reforms to improve our handling and management of these offenders in federal correctional systems, especially those who victimize our children.

We are all outraged by crimes perpetrated against our children. We are angry and we demand measures that will protect them.

(1735)

At present, the CCRA permits the National Parole Board to detain sex offenders and certain other high risk offenders until the end of their sentence if they cause serious harm and if they are likely to commit an offence causing death or serious harm if released.

What about when the victim is a child, a person who cannot articulate the problem or even realize that there is a problem until many years later? We now know that when the victim is a child, the serious harm caused by a particular offence may not become evident for a number of years.

In addition, the victim may be too young to communicate adequately the trauma inflicted by the offence. We must protect and support our vulnerable children. It has been difficult for the National Parole Board and CSC to determine that a child was seriously harmed using the legal meaning of the term serious harm.

Without this determination, the National Parole Board could not legally detain the offender until the end of the sentence. The Solicitor General has already introduced amendments that make it easier for the National Parole Board to keep sex offenders who victimize children in a penitentiary until the end of their sentence.

This amendment removes the requirement to establish serious harm as a criterion for detention in these cases. This gives the board the authority to detain a sex offender if a further sex offence against a child is likely. I would like to add that the government has proposed to expand the list of offences for which an offender could be referred for detention until the end of the sentence.

This list includes criminal harassment, commonly known as stalking, conspiracy to commit serious drug offences and serious drinking and driving and criminal negligence offences which result in bodily harm or death.

These behaviours also put our citizens at risk, including our children. We all have a responsibility to protect our most vulnerable citizens, our children, from predators like paedophiles.

The National Parole Board must now detain offenders who it feels may cause death or serious harm before the end of their sentence. With the proposed amendments, if the victims are children, the board will not have to determine serious harm. It is assumed. This means that whenever the board finds that an offender might reoffend against a child, it must detain that offender.

The hon. member from the Reform Party oversteps the bounds of the Charter of Rights and Freedoms. No administrative tribunal such as the National Parole Board would be granted such broad powers of post-sentence detention without due process nor would the courts countenance this.

No government would put into place a system it knows would be struck down by the courts, a system that is presently being proposed by the hon. member from the Reform Party who is promoting this private members' bill.

This government is certainly committed to strengthening Canada's criminal justice system to protect the public and most especially our children from dangerous offenders. Our government has acted in an increasing number of ways to bring about public safety, whether it be revisions to the Young Offenders' Act, whether it be much tougher action against criminals who utilize guns during the commission of a criminal offence and other progressive change which will greater ensure the protection of all our citizens.

[*Translation*]

Mrs. Pierrette Venne (Saint-Hubert, BQ): Mr. Speaker, after the news we just heard about Mr. Bouchard's illness, I can assure you that I will do my duty as I am expected to do as a member of Parliament.

Bill C-240 is a prime example of a philosophy that is both reactionary and repressive. The Reform Party is pulling out all the stops to give the impression that this is a crisis and they are the only ones who can save us. The bill introduced by the hon. member does not provide any realistic or practical answers to the problem of repeat offenders.

(1740)

In fact, it favours a drastic and simplistic response to a complex problem. The bill consists of two parts. The first part concerns the conditions to be met for conditional release, in the case of an offender convicted of sexual assault involving a child. Under the new conditions it would be easier to continue the detention of such offenders by denying them a conditional release.

They would have to serve their full sentence. The second part of the bill concerns new regulations that would permit dan-

gerous offender findings to be made after sentencing. The concept already exists in the Criminal Code. At the present time, the dangerous offender finding can be made at the time of sentencing. In the bill before the House today, this finding could also be made just before the end of the sentence.

Once a dangerous offender finding has been made, the offender's prison sentence may be extended for an indeterminate period, irrespective of the original sentence. I will first consider that part of the bill that concerns individuals convicted of sexual offences involving young victims. These are among the most repugnant crimes we can imagine. As I have said before, society must protect itself against this kind of individual.

Bill C-240 has the advantage of preventing the premature release of these offenders. However, similar provisions already exist in Bill C-45, whose purpose is to amend the Corrections and Conditional Release Act. In fact, Bill C-45 provides that in the case of a sexual offence involving a child, the National Parole Board would not have to establish the existence or probability of serious harm.

The Board must be satisfied that an offender is likely to commit a sexual offence involving a child before the expiration of his sentence. These provisions may be found in section 43(1) of the bill to amend the Corrections and Conditional Release Act. Bill C-45 has been referred to the Standing Committee on Justice and Legal Affairs where it is now under consideration. Since the amendment proposed by the hon. member is in all respects identical to the amendment from the Department of Justice, I think it would be premature to comment at this stage.

The second part of the bill presented by my colleague deals with finding an offender to be a dangerous offender. Clause 26 introduces an important amendment to the Criminal Code, which would make it possible to detain in a penitentiary for an indeterminate period an offender found to be dangerous. It would be post-sentencing detention since this penalty would be imposed after sentencing.

By presenting a bill of this kind, the Reform Party member shows to what extent repression and vengeance underly that party's policies with respect to criminal law. Looking at this bill, I have the feeling that Reform members have never heard of the principles of fundamental justice, procedural fairness, and presumption of innocence. These are the principles which make our society free and democratic.

To undermine these principles puts our society at risk. As members of this House, we must be on guard and defeat rightist proposals, which are taken up by a press eager to make us believe that we are still in the midst of a crisis. Before comment-

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ing further on this, let us first look at what constitutes a dangerous offender.

Section 753 of the Criminal Code allows the court to find to be a dangerous offender an individual convicted of a serious personal injury or sexual offence. These offences are listed in section 752 of the Criminal Code. Once the accused is found guilty of any one of the offences listed in section 752, the court hears the evidence presented by the Crown and hands down its decision based on the following factors, as listed in section 753:

A pattern of repetitive behaviour showing that the offender is failing to restrain his behaviour; the offender is showing a substantial degree of indifference respecting the consequences of his behaviour; the behaviour associated with the offence is of such a brutal nature that it is unlikely to be inhibited by normal standards of restriction of freedom.

(1745)

The decision of the court is given after the offender has been convicted, but before sentencing. The court finds the offender to be dangerous and, instead of imposing a regular sentence, imposes a sentence of indeterminate imprisonment. This is the harshest sentence that can be imposed by a court, since the offender is not eligible for mandatory parole.

The case of the person is reviewed three years after the conviction and every two years thereafter. In practice, these are pro-forma reviews, since officers of the National Parole Board never hesitate, except in a few rare cases, to recommend the continuing of the sentence.

In her bill, my colleague proposes that the whole judicial process be repeated just before the end of the sentence of a given offender. Bill C-240 proposes nothing short of a new trial, with new evidence and a new sentence. Let us remember that this new procedure would not apply to a crime already committed, but to a crime that might be committed.

In fact, it would amount to convicting again someone who has already served his sentence. May I remind this House that the Canadian Charter of Rights and Freedoms protects individuals against double convictions. Section 11(h) says, and I quote: "Any person charged with an offence has the right— if finally acquitted of the offence, not to be tried for it again and, if finally found guilty and punished for the offence, not to be tried or punished for it again".

As we can see, this bill would not withstand a constitutional challenge. It also seems incompatible with the principle of basic justice to go after an individual by reopening the investigation and introducing new evidence on which the initial verdict could not be based.

Another issue raised by this bill is that of relevance. The hon. member herself admitted in this House that her bill only affects

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a very small number of inmates. The problem of repeat offenders is much broader and requires more comprehensive solutions than those proposed by my colleague.

She even wildly exaggerated an isolated case, arguing that her bill would solve that kind of problem. The truth is that Bill C-240 suggests only partial solutions and affects only dangerous offenders representing 0.5 per cent of all Canadian inmates now in federal correctional institutions.

If we look at the statistics a little more closely, we will see that, as of December 17, 1992, there were 121 offenders designated as dangerous in Canada. Interesting enough, none of them were in Quebec, the vast majority of them being found in Ontario and the Western provinces. Between 1985 and 1992, the number of dangerous offenders on parole was limited to one per year, a number which has always remained constant.

There are no facts which justify such drastic action. The reactionary measures proposed by my colleague are also superfluous, as the courts already have tools to identify as dangerous any offender before them. Judicious enforcement of the Criminal Code could solve many problems.

It is not enough to respond to public opinion as conveyed by tabloids trying to boost sales and it is not enough to go after a very small number of individuals. From now on, the Liberal government must decide, in co-operation with the provinces, on a global approach to identify repeat offenders and ensure that society is better protected.

[*English*]

Ms. Margaret Bridgman (Surrey North, Ref.): Mr. Speaker, it gives me great pleasure to rise in the House today to speak to Bill C-240, an act to amend the Corrections and Conditional Release Act in the Criminal Code.

I would like to thank the member for Surrey—White Rock—South Langley for introducing this much needed legislation. The member is my southern neighbour and we share the same community of Surrey, a growing vibrant community but also a community which has experienced many tragedies over the past few years. The number of murders in Surrey and the surrounding area is astonishing.

(1750)

It is also completely unacceptable, most of all to the people of Surrey. A day does not go by without someone from the community contacting me or my staff about problems with our justice system in such areas as lack of deterrence, repeated offenders, parole, young offenders, criminal intoxication defence, and so on.

It is these concerns that we in this Chamber must respond to. Canadians across this nation will no longer accept a slap on the

wrist justice system or a system which holds the rights of criminals above the rights of victims.

Canadians from all walks of life are demanding action from Parliament, not tomorrow or not next week, but now.

My colleague has responded to that demand by introducing this legislation aimed at preventing violent offenders from perpetuating further violent crimes upon our community and the country.

This bill is the result of the concern that many Canadians have with regard to repeat offenders repeating violent offences, particularly sex offences. This bill would amend the Corrections and Conditional Release Act to permit offenders convicted of certain serious offences to be denied statutory release if they are likely to commit sexual offences involving children.

This amendment would change the current legislation basically by removing the serious harm aspect. Under this bill it would only have to be established that a sexual offence was committed by the offender and that further sexual offences against a child are likely upon release. This bill would also amend the Criminal Code to permit dangerous offender findings to be made after sentencing but near the conclusion of the offender's sentence.

The reason for permitting dangerous offender findings to be made after sentencing and near the conclusion of the sentence is that the court would have evidence as to how the offender responded to the treatment and the degree of his or her progress while in custody. This corrects a flaw in the present system where dangerous offender findings must be made at the time of sentencing. Only those who are still considered dangerous near the end of their original sentences, as opposed to the beginning of their sentences, would be detained.

How one will behave after a course of treatment and educational sessions cannot be judged before they participate in the sessions. Prejudging in this manner is not a motivating factor for any individual to make an effort to change their behaviour while they are in these courses of treatment.

The process that this bill proposes for identifying and detaining offenders is as follows. The correctional service act of Canada would identify those who are likely to commit offences causing death or serious harm if they were released at the end of their sentence. These offenders would then be referred to the National Parole Board. If the parole board agreed that this person were likely to commit such an offence, the board would then refer the person to the appropriate Attorney General. The Attorney General would then consider asking the court to find that the offender is still a dangerous offender.

If the court accepts the application it could make an order for continued detention. The results of this process continued custody for an indefinite period of time, continued custody for a

definite period of time, or supervised release in the community for a period of 10 years.

This is fair and reasonable and serves two essential purposes. It allows dangerous offenders to be kept out of the community, and it ensures that the state or justice system does not detain persons at its whim without good reason and due process.

When this bill was debated in the House on June 10 of this year some members were concerned that this bill would be contrary to certain sections of the Canadian Charter of Rights and Freedoms. Specifically the resentencing provisions of this bill were thought to contradict section 11(h) of the charter:

If finally acquitted of an offence, not to be tried for it again and, if finally found guilty and punished for an offence, not to be tried or punished for it again;

(1755)

The judiciary is the final arbitrator with regard to the Charter of Rights and Freedoms. However, this bill does not contradict section 11(h). This section guards against being found guilty or punished for an offence for which one has served the full sentence.

Bill C-240 amends the serious harm definition of the dangerous offender's designation. This means that those who are designated a possible dangerous offender by the process outlined earlier are done so on the basis of their past history, their treatment and progress which incarcerated and the likelihood of their offending again. This does not equate with resentencing a person for the same offence.

Also this legislation is almost identical to the current dangerous offenders legislation which was found to be constitutional.

In October of this year the community of Surrey experienced another tragedy when Pamela Cameron was murdered. It appears that the chief suspect in this case could have been detained had post sentencing detention legislation such as my colleague is proposing been in effect. This is something which all members of this House should carefully consider.

What we do in this Chamber with this proposed legislation shows how serious we are in combating violent crime in our nation and in providing for the offenders positive rehabilitation programs that are not cut short of their effectiveness by a date on the calendar.

I urge all members of this House of all political parties to respond to the nationwide concerns over the justice system and support these reasoned amendments to our existing system.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, I would like to thank my colleague from Surrey—White Rock—South Langley for providing me with this opportunity to speak on her private members' bill C-240. I strongly believe in the merits of the proposed legislation and what it

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endeavours to address. I encourage all my colleagues on both sides of the House to support it.

There are two essential components to the proposed legislation before us today. The first deals with the application for dangerous offenders designation. The second part would eliminate the requirement of the crown to prove that an offender is likely to commit serious harm, especially as it relates to assaults of children. It is this second component on which my remarks will focus this afternoon.

Childhood is supposed to be a time of innocence, of exploring, learning and growing. For far too many kids, however, their childhood has become an unending nightmare created by those repugnant sexual predators who prey on children. It is a sad commentary on today's society that more and more frequently we read in our newspapers about cases of sexual abuse or assault where innocent children have been the victims, in some cases ending with the death of a child.

Imagine the terror in those instances where the abuse continues for years, where the child is terrified into silence by threats against themselves or their parents and family. This is a common tactic used by these monsters to control their victims. Not one of us in this Chamber can forget the atrocities of Clifford Olson. The very fact that man still breathes today is an affront to the memory of his victims, defenceless, innocent children.

This bill addresses these problems. Bill C-240 provides for indefinite incarceration of dangerous offenders who prey on our young society.

Whose rights are more significant here, the rights of a convicted sexual predator or the rights of a child? Who among us wants to condemn any child to the danger posed by these offenders? Do they pose a threat? That is the question we should ask. Cases upon cases show that upon release these predators are likely to reoffend. Research shows a very poor rate of rehabilitation in these cases. The very least we can do is make provisions for the courts and the judicial authorities to protect our children from those who are likely to turn another child's life into a nightmare, or even murder a child.

(1800)

Law-abiding Canadians, and maybe that is too legalistic, or ordinary Canadians like you and me and the people who live on our main streets in our communities are absolutely fed up with hearing about offenders' rights. What about the rights of the little child? How can the House even consider any measure that puts the perpetrators' rights above those of innocent victims? If these offenders pose a risk of any sort to the public, to little children, for goodness' sake let us keep them in jail. Some would say let us keep them in jail until they rot.

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Canadians will no longer tolerate the lenient Liberal justice system of the past 20 years. They are struck with disbelief of the travesties of justice about which they have read in their daily newspapers of repeat offenders who are released on parole or on work release into unsuspecting communities.

The rage that is felt by the public at these crimes demands that we in this place, their representatives, take action and take action now. The public no longer has the patience to deal with MPs who will not respect their constituents' wishes. If the members opposite have any doubt in their minds about that, they had better consult with their constituents.

This fall 16-year old Pamela Cameron of Surrey, B.C., was raped and murdered. The man charged with the murder, James Owen, is in the words of the director of the Canadian Police Association "a walking advertisement" for the dangerous offender legislation before us today. He has a record of 28 prior criminal convictions, including rape, and refused all sexual behaviour and substance abuse treatment programs that were offered to him in prison. The authorities should be able to look at this case and keep offenders like Owen in prison beyond their sentence. Perhaps, just perhaps, maybe Pamela Cameron would be alive today.

I have held a number of townhall meetings in my constituency. My constituents have voiced their concerns and outrage at this crime and many others. They have called on hon. members in this place to act.

Perhaps little eight-year old Mindy Tran of Kelowna would be alive today if the provisions before us had been enacted.

Today in my riding alone there are some eight cases of sexual assault before the courts involving children: eight lives damaged, eight kids forced to go through the hell of abuse. Recently a school principal was convicted of molesting his 15-year old foster child. There have also been two recent cases where fathers were convicted of sexually abusing their children. There is another case before the courts where a neighbour sexually assaulted a little girl for two years before it came to light, and this suspect, a known sexual offender, had been released.

Even the B.C. attorney general has recognized the need for more severe sentences in these cases and, as my local newspaper, the Penticton *Herald*, reported in an editorial: "Respect for the individual rights should not take precedence over public safety".

These crimes involving children tear into the heart of the communities where they occur. Every parent must shudder in horror at the atrocities committed on these poor children.

What of these young victims? Currently the onus is on the system to prove that an offender is likely to commit serious harm in cases that involve sexual assault on children. The actual harm to the child may not be evident for several years or even decades. It is difficult for adults, let alone children, to adequately

communicate the effects of a sexual crime on them. It is our responsibility as a society and as members of this place to protect children from these vile, sexual predators.

(1805)

Parents in communities across the land raise a hue and cry when such criminals are released into their communities. Why? It is because experience shows that there is a very good chance they will offend again, and this time the victim could be their own child.

Parents want to protect their children. Short of imprisoning kids at home they cannot because the judicial system does not give them a chance to do so. Even courts have ruled that convicted child molesters have the right to hang around schoolyards and playgrounds. They have that right. That is absurd. If the benighted charter of rights is causing this insanity then it had better be amended.

Many of my hon. colleagues in this place are parents or grandparents. This tragedy has to strike in their own homes before the House hears their cries of outrage. Can we as people stand by and see even one more defenceless child brutalized or murdered by a sexual predator? I think not.

I call on all members of the House to unite on Bill C-240 and protect our children. We have a chance to make a difference. Let us not throw it away. Canadian kids are counting on us.

In closing, I would like to remind everyone how this day started and each day starts in the House when the Speaker says these words: "Grant us the wisdom, knowledge and understanding to preserve the blessings of this country for the benefit of all and to make good laws and wise decisions".

Bill C-240 is a good law and I pray all members make the wise decision and vote yes to Bill C-240.

The Acting Speaker (Mr. Kilger): I know the hon. whip of the Reform Party is very vigilant. I will try to be equal to the task.

Seeing no members rising for debate, I have received notice from the the member for Surrey—White Rock—South Langley who moved Bill C-240. Under right of reply she will have two minutes to conclude the debate. Members must understand that no one else can rise and that this will in fact conclude the debate.

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): I thank you, Mr. Speaker, for allowing me to close debate on Bill C-240.

I have appreciated the level of debate the bill has received in the House. It has been interesting to see that members of the Bloc have continued to debate against any changes of this nature. They find them draconian. I suggest that they are not listening to their constituents. A poll was taken by Léger et Léger which indicated that 76 per cent of the people in the province of Quebec support this type of legislation. It is nice to

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know that although Bloc members do not support it the people of Quebec support it.

I have heard the argument on the opposite side that Bill C-240 may not withstand a court challenge. While there are countless pieces of legislation that may not withstand such a challenge, I believe that as parliamentarians we cannot abrogate our responsibility as lawmakers because of the possibility of a court challenge. I certainly hope that feeling is shared by all my colleagues here. We cannot afford to shy away from legislation solely because of a court challenge.

When I first introduced the legislation I did not think that it would hit home quite so quickly. However, on October 4, as my hon. colleague mentioned, a 16-year old girl was pulled off one of the busiest streets in my community in the middle of the afternoon and murdered. This legislation may have prevented her death.

(1810)

If this bill is not passed it is inevitable that in the future there will be more such deaths. This bill will not put an end to all murders but if it prevents even one, it would succeed.

I ask all members of this House to please be concerned about the lives of our children, the lives of the victims and support Bill C-240.

(Motion agreed to, bill read the second time and referred to a committee.)

The Acting Speaker (Mr. Kilger): For proper verification, is there unanimous consent to proceed to the proceedings on the adjournment motion?

Some hon. members: Agreed.

ADJOURNMENT PROCEEDINGS

[*Translation*]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

NATIVE PEOPLES

Mr. André Caron (Jonquière, BQ): Mr. Speaker, I put a question to the minister of Indian affairs concerning the pitiful state of public health in aboriginal communities on reserves. According to Statistics Canada, the tuberculosis rate among status Indians is 43 times higher than for Canadians born in Canada.

This rate is comparable to those found in the third world, whether we are talking about Africa or Asia, in countries that do not enjoy the benefits of the kind of economy we have in this country. The Minister of Indian Affairs and Northern Development let the Parliamentary Secretary to the Minister of Health

reply on his behalf. The parliamentary secretary mentioned the amounts now being spent by her department to improve the health of aboriginal communities.

She mentioned one million dollars this year and several million dollars over the next couple of years. I think this is not a satisfactory answer, considering that such a high tuberculosis infection rate, according to many experts, is an indication of sub-standard housing conditions. I think it would have been appropriate for the minister of Indian affairs to answer the question, since he has a fiduciary responsibility for aboriginal communities, for aboriginal reserves in this country.

Moreover, the minister could have mentioned that two years ago, the aboriginal affairs committee had examined the state of aboriginal housing and that the title of its report was *Time to Act*. In its report, the committee found there was a backlog in housing construction on reserves, and it also pointed out that there was a lack of funding to renovate existing units.

Furthermore, in recommendation No. 7, the members of the committee asked the government to deal immediately with the health and safety problems arising from the condition of aboriginal housing.

Finally, it is essential that the minister of Indian affairs, until such time as appropriate and much needed action is taken, make it clear to his colleagues at Health, Public Works and Finance that budgetary cutbacks are not to be used as an excuse for allowing these appalling conditions in aboriginal communities in Canada to continue, shaming us in the eyes of the rest of the world.

I would like to know whether the government really intends to do something about this.

Mr. George S. Rideout (Parliamentary Secretary to Minister of Natural Resources, Lib.): Mr. Speaker, when we look at the frequency and the situation of the disease, we must consider not only where we are but also where we have come from and where our strategy to reduce the frequency of this disease should take us.

[*English*]

In the 1930s we were faced with death rates, not incidence rates but death rates, of 700 per 100,000 population among Canadian Indians.

An extensive program to discover and treat active cases of TB was begun in 1938. In the late 1940s the necessary funding and expertise were provided, new sanatoria and nursing stations were built and aggressive case finding, extensive vaccination and new treatment regimes were begun.

These early efforts bore fruit and today the mortality rate is almost negligible while the incidence of TB has been dramatically reduced. In 1992 the rate was 60 per 100,000 population using official population figures for the First Nations communities.

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The reason we were allocating additional funds to implement a national strategy for the elimination of aboriginal tuberculosis was because the decrease in rates had stalled. There remains a number of active TB cases in older people who continue to harbour tuberculosis and who become infectious as they get older and suffer from other diseases and debilitating conditions.

The government has been spending \$1 million per year to address this problem and has allocated an additional \$2.8 million over the next three years.

While the spread of TB to other people is facilitated by overcrowding and other personal and environmental conditions, the main way to eliminate the disease from the population is to find active cases at an early stage and treat them before the

bacterium is spread to contacts, particularly young children who are especially susceptible.

The strategy which this department in partnership with First Nations communities is putting in place aims to reduce the incidence of TB to less than 20 per 100,000 by the year 2000 and to eliminate the disease by the year 2010.

[*Translation*]

The Acting Speaker (Mr. Kilger): Pursuant to Standing Order 38, the motion to adjourn the House is now deemed to have been adopted. Accordingly the House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24.

(The House adjourned at 6.18 p.m.)

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GOVERNMENT ORDERS

Income Tax Act

Bill C-59. Motion for second reading	8554
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Mr. Robichaud	8554
Mr. Mills (Broadview—Greenwood)	8554
Mr. Brien	8558
Mr. Silye	8564
Mrs. Chamberlain	8570
Mr. Szabo	8572
Ms. Whelan	8572
Mr. Schmidt	8574
Mr. Shepherd	8574

PRIVATE MEMBERS' BUSINESS

Corrections and Conditional Release Act

Bill C-240. Consideration resumed of motion for second reading	8575
Mr. Kirkby	8575
Mrs. Venne	8576
Ms. Bridgman	8578
Mr. Hart	8579
Ms. Meredith	8580
(Motion agreed to, bill read the second time and referred to a committee.)	8581

ADJOURNMENT PROCEEDINGS

Native Peoples

Mr. Caron	8581
Mr. Rideout	8581