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Speaker: The Honourable Gilbert Parent

HOUSE OF COMMONS

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The House met at 10 a.m.

Prayers

GOVERNMENT ORDERS

[*Translation*]

LOBBYISTS REGISTRATION ACT

The House resumed from May 3 consideration of the motion that Bill C-43, an Act to amend the Lobbyists Registration Act and to make related amendments to other Acts, be read the third time and passed.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, I am very pleased to participate in the debate at third reading of the bill on lobbyists. I think that it is important to reflect on the role of lobbies. Their role is essentially to attempt to influence the positions taken by the government and parliamentarians on policy issues and to defend private interests.

I would also say that lobbyists end up reducing the direct influence that citizens have on their representatives. We have seen some instances of this in the past year, for example the lobby that formed around the somatotropin issue. One company that wanted to see somatotropin approved went so far as to hire a manager who was on leave without pay to lobby the government machine. There are also very obvious cases where Canadian banks are systematically making representations to MPs in an effort to either effect changes or to maintain the status quo in taxes and regulations.

I do not think that anyone is against the fact that lobbyists exist. The same thing goes on in all parliaments. What should be looked at, however, is their methods, because so many things have come about mysteriously in the past which could have been the result of lobbying. Parliamentary history, be it in Canada,

England, the United States, or almost anywhere else in the world, is characterized by blatant examples of this. This has led other parliaments to reflect on the best way to monitor this activity to prevent abuses.

Other examples of this have cropped up recently in the news here in Canada. For instance, there is the connection between the Liberals, Power Corporation and certain decisions. Today, it is DTH television services. Yesterday, it was the railways. It is always there and it is always connected with important decisions. Under the Conservatives a major debate began on this issue because the Tory party was very close to the business community and there had been quite a few instances of practices that were doubtful, to say the least, the latest and most notorious example being the privatization of Pearson airport.

During the election campaign, the Liberal Party promised that it would make some major changes in this respect, and that was before it formed the government. Unfortunately, Bill C-43 is a typical example of much ado about apparently nothing. They promised us a transparent system, and what we get is, for instance, an ethics counsellor appointed by the Prime Minister and accountable to the Prime Minister. To the Bloc, this does not denote transparency. It is not the way to establish a code of conduct and restore public confidence in our democratic institutions, because how can you ask an ethics counsellor who is appointed by the Prime Minister to judge the actions of the government and the Prime Minister?

In the past, in fact this year, we saw situations where the ethics counsellor was put on the spot when he could not really give an independent opinion. We would have preferred the government to consider the Bloc's recommendations, including a request that the ethics counsellor be appointed by Parliament so that he or she is directly accountable to the members of this House and is free to criticize the government and in fact any parliamentarian, irrespective of the connection that is there.

We have a situation where a lobbyist approaches a member of the government, the counsellor evaluates the government's transparency in all this, gives an opinion and then reports to the Prime Minister who is himself a party to the case.

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(1010)

This is entirely unacceptable, and perpetuates the image that politicians are always looking out for their own interests. I think this government will assess this later on during debate. I think there is support in Canada to improve the situation, and the bill does not satisfactorily do so. Considering the commitments the Liberals had set out in the red book, it was very clear that they wanted to go a lot further.

Once it crossed the floor, how is it that the government did not manage to drop its old habits? We can only guess at what influenced it. I think the answer lies in the fact that, in Canada, political party funding is still very unstructured. Companies, unions, groups and pressure groups can all contribute to party funding. So, once a party is in power, it is forced to pay careful attention to the comments and suggestions of those who funded it.

I think that the big companies, such as the Canadian banking network, for example, want to make sure that their lobbyists have a lot of leeway.

We parliamentarians must ask ourselves the following question: Is this advantageous for Canadians? It is advantageous for Quebecers to leave all this leeway to lobbyists and to end up cancelling out the direct effect the public must have on the people they elected to represent them?

The second indication that a government has not let go of its old habits is the action of the lobbyists themselves. They are a highly polished group. We can see very clearly in the business of the Pearson airport that lobbying firms have interchangeable people. When the government changes, they have someone from the right family and the right school, who has access to a particular ear. When another party comes to power, they bring out of mothballs someone from the right family and thus ensure uninterrupted influence.

We in the Bloc Québécois feel that the government should have given a much stronger message to the public that it wanted to ensure that the people of Canada were the primary agents of democracy and that they had the greatest influence on their members. To this end, we made some very constructive suggestions, which the government rejected. This is rather sad.

Let me give you examples of that situation. The Bloc Québécois is in favour of registration for lobbyists, regardless of the tier to which they belong. Currently, some lobbyists make representations to ministers, while others are in contact with senior officials or MPs.

The existing rules regarding the disclosure of the fact that these people are lobbyists vary. These people should all have to register in the same manner, so that we know exactly who is lobbying, not just those who are paid specifically to do it, but also all those who do it under cover, as director of public

relations, director of governmental relations, etc. We want to have an accurate and comprehensive overview of the situation.

It is important, for reasons of transparency, to know about all the activities and dealings which relate to government contracts. Lobbyists should be required to disclose, on a regular basis, which contracts they are working on, so that we could have a clear idea of how such representations are made and how contracts are awarded. The process must appear relatively fair, and there must be sufficient transparency to be able to determine whether the most deserving group or company was awarded a contract, in compliance with acceptable standards and criteria.

(1015)

We also think that meetings with senior officials should be reported. After being elected to the House of Commons 18 months ago, one of the first changes I noticed compared to my previous job was that lobbyists were calling us and knocking on our doors asking, "Could we meet with you to discuss this or that situation?"

I think that this type of relationship with elected officials is normal and should be reported. What is a little more nebulous, however, is the representations made to senior officials. One of the ways lobbyists can exert influence is by becoming involved in the drafting of bills or regulations before decisions are made.

It would be interesting to receive a list of these interventions to see whether or not a given clause has been included in a bill as a result of lobbying. The disclosure requirement alone may even reduce the number of such meetings. Again, I think it would be interesting because it would allow elected officials to have more control over, and more direct contact with, senior officials, thus allowing the people they represent to exert, through them, greater influence on the work done by senior officials.

Therein may lie one of the causes of the current situation in which high level bureaucrats, senior public servants, often seem to govern through a third party and exert some control over ministers instead of the other way around. Much about this type of influence remains unknown and unclear at the present time.

Another decision, which was suggested by the Bloc and which, I think, is very important because money has been described as the root of war, is to eliminate tax deductions for lobbying expenses.

Paradoxically, companies can now obtain tax deductions for lobbying expenses often incurred to influence policies to their advantage even when these policies are not in the public interest. It is a government incentive to spend money on this kind of lobbying, while ordinary citizens trying to get organized to apply pressure often cannot obtain similar services.

We could look at this in the context of the ongoing debate on gun control, without getting into too much detail. There is lobbying around this issue, lobbying by those who want more gun control and by major associations which oppose gun control. For my part, what I see mainly is citizens trying to express opinions, one way or the other, on this issue. But they cannot

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exert the same influence, mainly because the companies or corporations on either side of the debate can claim income tax deductions for their lobbying expenses, while the residents of a village cannot.

Here is an example. I met in Saint-Médard-de-Rivière-du-Loup, a locality in my riding, with 25 or 30 people who wanted to talk to me about this bill. It was not possible for them to form an organized group and defray the cost this entails. Still, they had worthwhile arguments that made good horse sense to put forward and they should be given the chance to do so.

That is why I think it would be important to reinstate the relative balance between stakeholders and one good way of doing so would be to stop encouraging companies to hire lobbyists by making sure that no tax deduction can be claimed for this purpose, as it acts as an incentive to hire lobbyists.

How could we finally get a government that would stand up and seriously tackle problems like this one? This would have a direct impact on the way people perceive their elected representatives. Just look at the degree of confidence the people have in their elected representatives, I would say it is far from satisfactory and we have to do something about it. One way is to show all Canadians that there is no hidden force acting within the system, that nobody has more power than they should have because of the rules of the system.

(1020)

What fundamental change should be made? It all boils down to party financing. If we want a responsible government that will make changes in this area, we have to make sure that political parties do not owe anything to anybody. We have this model in Quebec where only individuals can contribute to the financing of political parties, which makes the government much more at arm's length with companies, unions and other groups.

If federal political parties would agree to this kind of financing, the party elected to office would be under a lot less pressure in terms of keeping its election promises, instead of feeling the kind of pressure that has forced this government to introduce such a weak bill.

The subcommittee report on Bill C-43 is coyly entitled "Rebuilding Trust". The way to rebuild trust is to make sure that the public knows everything there is to know and has a complete overview of the situation, that there is nothing secret going on. The only way to achieve this goal would have been for the government to do almost exactly what it had promised during the election campaign so that Canadians could see a clear relationship between what the Liberals said and what they are doing.

Unfortunately, in this case as in several others, this government has a double standard. It campaigned to be elected, but today it is implementing the agenda of a party that the public completely rejected, that is the Conservative Party. This is as

true in the case of lobbyists as in the other areas. This is why the Bloc Québécois is very disappointed with the choices made by the government and wants the public to be aware of it. For once, it can be said that this has nothing to do with the constitutional or with the national issue.

We should realize that for the federal Parliament to serve Canadians well—and this is true for any provincial legislature, any government—the appearance of justice and the citizens' confidence in government are of critical importance. But as with many other issues, the government has lost an opportunity to make history. It is our hope that it will have the courage to go back to the drawing board.

[English]

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, I appreciate the comments of my colleague from the Bloc. I note with interest that the Liberals promised great openness, great honesty and great accountability in their now infamous red book. I read that they will appoint an independent ethics counsellor who will report directly to Parliament. They say they will not allow the public agenda to be dominated by lobbyists as it has been since the Conservatives took office.

I invite my hon. colleague to comment on whether or not he thinks openness, accountability and independence have been achieved.

[Translation]

Mr. Crête: Mr. Speaker, I believe that the criteria of the government's accountability and independence vis-à-vis lobbyists have not been met. The reasons are outlined in the Bloc Québécois's minority report which also proposes solutions.

(1025)

The report prepared by the Reform Party, which believes that the Liberal report has two major shortcomings, namely insufficient disclosure and the way the ethics counsellor is appointed and his accountability, concurs with the report by the Bloc Québécois as far as these problems are concerned. However, perhaps because of the expertise acquired in Quebec concerning the financing of political parties, the Bloc Québécois went much further, making some concrete proposals that may improve the situation. Having listed these proposals in my speech, I will not repeat them. But as we are about to enter the next century and we see that governments have less and less control over international decisions and the way things are done, I believe this will be one of the criteria people will use in determining whether their government is doing its best to ensure adequate development for their country.

People can understand that we can no longer control all the variables and that we live in a very complex world, but they will never accept that those variables may be controlled by others than their elected representatives. I believe that, in choosing their representatives, voters will systematically come back to

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the following criterion: they will want to make sure that their elected officials really represent them and are not continuously influenced, with varying degrees of transparency, by lobbies that do not reflect the opinions of the electorate.

Having been made aware, since I was elected, of all the twists and turns involved in bringing about a policy decision, it is obvious that what people want is for their elected representatives to have control of what is going on and not simply be the puppets of people who have received no mandate from the voters. I think that the government will have to go back to the drawing board. I do not know whether it will have the courage to do so during this Parliament, but this whole issue will surely remain a fundamental one for voters, and the suggestions that were made by the Bloc Québécois in its minority report will prove to be an interesting guide in this respect.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I listened carefully to the remarks of the hon. member, and I think he did a very good job of pointing out the problems with this bill, and more particularly the fact that it does not go far enough. Members of the official opposition have been receptive to representations and comments made by the public during committee hearings. I was one of those who attended most of the hearings of the committee on lobbying. What struck me the most is that people want more openness in the public sector. They do not trust politicians any more. They said it quite bluntly: We do not trust politicians. We have the definite feeling that all the decisions made on Parliament Hill—or at any other level of government, but let us deal with our own House first—are made to serve the personal interests of politicians. That is what people told us. It is quite clear and easy to understand.

I think Bill C-43 was an opportunity for us, as politicians, to demonstrate our commitment to openness. We had an opportunity to pass a bill on lobbyists that would clearly show that we are not here to advance our own interests or those of the government's buddies. That was the very praiseworthy goal of Bill C-43, but the government did not take the necessary steps to reach that goal.

With Bill C-43, we had a chance to really shed some light on what goes on on Parliament Hill, but we let it slip by. One thing we could have done to promote openness and show Canadians how serious we are on this issue would have been for the House to have a say in the appointment of the ethics counsellor, and for the bill to stipulate that our code of conduct was binding, just like the one lawyers have. I am a lawyer myself and, when I used to practice law, our corporation had an official whose job it was to slap us on the wrist if we misbehaved. I think we should have taken this opportunity to develop a binding code of conduct to ensure some kind of supervision.

(1030)

Instead, we will end up with a non binding code of conduct written by an ethics counsellor appointed by the Prime Minister, in other words, with a document that is just so many empty words.

The hon. member mentioned some issues and current events. My question is: Does he agree that, if we had had an ethics counsellor appointed by the House, accountable to the House, with the statutory instruments needed to enforce the law and ensure openness, would the goal set out in Bill C-43 have been reached and better defined? Could the hon. member provide an answer to my question?

Mr. Crête: Indeed, Mr. Speaker, I believe this is a symbolic example of the situation regarding the ethics counsellor.

I would like to remind you of a sentence which was in the red book of the Liberal Party of Canada. It says: "The integrity of government is put into question when there is a perception that the public agenda is set by lobbyists exercising undue influence away from public view". Hence, what our citizens want, according to the Liberal red book, is better information on the influence of lobbyists.

Opting for an ethics counsellor appointed by the Prime Minister and accountable only to the Prime Minister, is like saying that the person who is going to look into the situation has a direct tie with the one who might be implicated. This shows concretely that Liberals did not go to the core of things and did not deal, in a definite, long term way, with a situation which is unacceptable to the people.

This is something we had been trying to deal with following the last election campaign, and I repeat that Liberals will be accountable to the people for not having used the solutions which, in the end, were the results of a consensus in our society.

Today, the decisions needed are very complex and we have to make sure that things are open enough and that the people who are going to pass judgment have an independence somewhat similar to the one enjoyed by the auditor general. If the auditor general were not independent of the government, do you think that he could systematically report on the government's efficiency like he is now doing? A new auditor general would be brought in before he could get a second report out. The same goes for the ethics counsellor. The Prime Minister will either give him a very limited role or he will simply be obliged to give in to pressure from the lobbyists and, in this way, serve to cloak their activities even more. We have before us a perfect example—the MP's question is quite germane—of the fact that the government did not fulfil its mandate and that is the main reason the Bloc Québécois will not support this bill.

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The Deputy Speaker: The five hours provided for debate have now expired. We are now entering the ten minute period.

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, everybody knows that it is high finance that controls the government.

If Bill C-43 had had more teeth, it could have had the merit of keeping this pack of predators at bay.

The hon. member for Berthier—Montcalm, my Bloc Québécois colleague, introduced a series of amendments which would have effectively caged them in, but the Liberals rejected them all. How can they possibly hope to control the situation when they, like negligent shepherds, have flung the doors of the fold wide open, turning a blind eye to the hungry wolves killing off every last lamb in the flock, one by one?

Let us not kid ourselves. If Bill C-43 is passed as is, the government will not be able to pry open the stranglehold that the lobbyists have on the affairs of the state.

(1035)

They will still be able to promote their own interests as they influence major decisions that should be made in the best interests of the people of this country. In the debate on this bill, the very credibility of our democratic system is at stake. We know and we said this earlier, that the public does not have a very high opinion of politicians. This attitude extends beyond elected representatives to include our institutions as well.

With Bill C-43, the Liberal government had a good opportunity to keep its promises and promote the transparency of our political life and our democratic system. Unfortunately, these promises will never be kept if it depends on hon. members opposite. They reject all amendments. They reject all the good ideas my colleagues submitted, although these were proposed in a spirit of co-operation, not as a way to score points.

My colleague submitted amendments based on the concept that democracy is the only valid system of government. We in the Bloc Québécois believe that democracy is sacred. It is the only system we accept and practice, and we uphold its principles. The aim of democracy is to promote the public good. In a real democracy, governments are elected to manage the country's assets in the best interests of its citizens.

The aim of a genuine democracy is to ensure that all citizens have a chance to pursue their dream of individual happiness. In a democracy, this dream of individual happiness and success could be called the DIH. Today, the only thing that counts for this government is the GDP, the Gross Domestic Product or whatever contributes to the well-being of the financial commu-

nity, the lobbyists, wolves whose only purpose in life is to feed on helpless sheep.

In a democracy, we all have the right to express our opinions. We have the right to promote and defend our interests, but we do not have the right to do so at the expense of our fellow citizens. However, that is exactly what is happening, and that is why public confidence in our institutions has hit a new low. Lobbyists for the financial sector manage to get government contracts through secret negotiations. They manage to influence government policy to further their own interests.

A good example is the fact that the wealthy in this country hardly pay any income tax. The rich can set up family trusts and avoid paying their fair share of taxes. The reason for this is simple: they have access to government and they use their influence. Our democracy is no longer being run by a group of individuals who have been elected to serve the community. It is governed in the utmost secrecy behind closed doors and on the sly.

We in the Bloc Québécois agree with the need to restore people's faith in their institutions. I also believe that many of my colleagues opposite feel the same way, but I think the government is not willing to do the job. Since its election, the government has not been particularly transparent. A number of matters hint at the possibility of there being determinant outside influence, such as the matter of the Pearson airport in Toronto, for example.

However, what finally convinced me about the government's lack of willingness was the \$400 a plate dinner in Montreal on May 3 given by the Liberal Party of Canada. You will never convince me that only Liberal partisans were involved. There surely were lobbyists there as well. Rest assured, Mr. Speaker, however, that there was no one, not even a Liberal, from Sainte-Érène, and there were no fishermen from Grosse-Roche. The people clearly remember the promises in the red book, but government leaders seem to have forgotten them.

(1040)

If Bill C-43 were improved, it might mean greater transparency. A stronger bill, one with teeth, could at least increase public confidence somewhat. This was the aim of the amendments proposed by my colleague for Berthier—Montcalm.

In the case of the ethics counsellor, we in the Bloc propose that the person be accountable to the House of Commons, like the auditor general. The ethics counsellor must be independent and have his or her hands free to act, otherwise he or she would be subject to lobbyist influence. It would be a complete waste of time to appoint an ethics counsellor who could be influenced by outside forces. Such a gesture could only increase the mistrust of people for their own institutions.

Moreover, we recommend that there be only one category of lobbyists. Why differentiate? A lobbyist is an individual who,

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on behalf of a group or a company, tries to influence the government. Are some motives more commendable than others? Certainly not, Mr. Speaker.

Lobbyists do not seek to improve the well-being of the community, they are hired to defend particular interests or to represent interest groups. I do not believe that creating different categories can be justified. If governing was adding up all the interests at stake, I would understand, but in a democracy, such is not the case. In a democracy, governing is thinking and acting with the best interests of the community in mind, which is contrary to private interests.

Also, we are asking that fees and meetings with senior officials and ministers be disclosed. The public has the right to know that information. Parliamentarians who represent Canadians have the right to know if a senior public servant was influenced regarding some major decisions. We talk about accountability in the public service, but let us not forget the notion of responsibility.

Public servants are paid by taxpayers to serve them. They are not paid to meet the expectations of lobbyists. What is at stake here is the credibility of the public service. Bill C-43 must provide for the disclosure of all meetings with senior officials.

The legislation includes a code of conduct for lobbyists, but no real means of enforcing it. This is like putting up a sign saying "No wolf allowed" in front of the sheep barn. Is the government so naive as to believe that such a sign will keep the wolf away? Is it so naive as to believe that a mere code of conduct with no enforcement measures will help rehabilitate our institutions?

[*English*]

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I appreciate the opportunity to rise in the House today to speak to Bill C-43, an act to amend the Lobbyists Registration Act. It is a very important bill dealing with a very major problem we have.

It is important we do all we can to restore the trust that has been lost between the voters and the politicians in Ottawa representing them. When I think about this bill it brings to mind the experiences I had when I was campaigning for the election. I was absolutely shocked at the number of people with the same response: "Here is another politician at the door telling me what I want to here now; however, you will go to Ottawa and do as you're told". I encountered that distrust and cynicism at far too many doors. It was a disheartening experience.

The bill is a small step in the right direction to do something about that. To reinforce what I am saying about the lack of trust and the cynicism I want to quote from the royal commission on electoral reform and party financing, 1992. It dealt with politi-

cal cynicism in Canada. Seventy per cent of the people contacted responded: "I do not think the government cares much about what people like me think". Seventy-nine per cent responded: "Generally those elected to Parliament soon lose touch with the people". Eight-two per cent said: "Most candidates in federal elections make campaign promises they have no intention of fulfilling". And 64 per cent said that most members of Parliament make a lot of money misusing public office. Those are serious observations by the people we are here to represent. It is a very serious challenge, which we must do something about.

(1045)

The mood of the voters was understandable. I understood where they were coming from as I went door to door. What was being said then has just been highlighted in the recent book, *On the Take*. That cynicism, to a large degree, was justified in the minds of the public. We are all tarred by that brush. We are dealing with a minority that does the things that were alleged, but it is a problem we all face and must address because we all pay the price.

It was evident that the government understood the problem, because in the red book it did talk the talk. Unfortunately, it has been words up to this point and not enough action. Page 94 deals with public trust:

Nine years of Conservative government have brought our political process into disrepute. A Liberal government will restore public trust and confidence in government. We will regulate the activities of lobbyists by appointing an Ethics Counsellor. We will reform the pension plan of members of Parliament. We will give more power to individual MPs by providing more free votes and more authority for parliamentary committees.

I suggest that has not been happening. The government apparently understood the problem but is somewhat reluctant to deal with it. Some half steps have been taken, but it has not gone nearly far enough.

If we look at members of Parliament from the voters' perspective, whether it is real or perceived, and certainly some of it is perceived, they look at us while they are paying higher taxes and receiving fewer services. There are more people unemployed and indeed under-employed. There are a lot of young people who have skills far beyond what jobs they are forced to take because of the economy. There is an increase in crime, particularly among our young offenders. Our social programs are threatened and there has been some deterioration in them. They had no voice in Ottawa. I believe that was manifested in the GST, where that most unpopular tax was rammed down the throats of the Canadian people without them having a say.

All of this resulted in 205 new members being elected to the 35th Parliament. That was a very strong message from the voters that they were very unhappy with what had been going on here

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and they wanted major change. They wanted the windows and doors open to find out more about what goes on in this place.

Those 205 new members represent a great challenge. It is a great opportunity for us to bring about the changes that are needed in order to restore that trust. If we want trust we have to give trust. Things like freer votes, recall and referendum, and Bill C-43 all lead toward that. We saw what happened to freer votes in Bill C-68. Those Liberal members who had the courage to stand up and vote by the wishes of their constituents were stepped on rather heavily and removed from committees; so much for freer votes, as was indicated in the red book.

With respect to recall, we saw what happened very early in the life of this Parliament, when a member was thrown out of the government. He was not good enough for the government, but there was no opportunity for the people of that riding to do something about the member.

There is no place for the referendum. There is still no voice for the Canadian people in this Parliament. I think the comment from the Prime Minister was that he found the referendum revolting. I do not think that comment would sit well with Canadian people, given their current mood.

As I said, Bill C-43 is a small step in the right direction. In dealing with Bill C-43, I return to the royal commission on electoral reform, particularly that 64 per cent of the respondents said that most members of Parliament make a lot of money misusing public office. It is a terrible mood that is prevailing out there, and we have to do all we can to change that.

(1050)

The Canadian people want a more open and transparent process. This bill has got off to a bad start, because it is not going far enough.

The Pearson mess has been mentioned a couple of times already this morning. The Pearson situation is a very good example of lobbyists and the lack of an open process. That situation continues to deteriorate. If we review that situation, we had a government that forced that through during the campaign, which was wrong as far as the Canadian people were concerned. Then the Liberals cancelled that program without having due regard for the cost of that cancellation and indeed whether the Pearson deal that had been struck was a good one.

In looking at that deal, one of the things they did in shutting the doors was appoint a Liberal to do the investigation. Without questioning whether Mr. Nixon is qualified or not, that was a very poor choice, given the mood of the voters. It smacked of trying to hide things from the Canadian people.

Now we find that renegotiating or taking a look at that contract was not even an option. It has been made clear that indeed it was a process that was started with a bias, and that did not change. We have no idea of what might be the eventual cost to the taxpayers. The report was accepted by the government without one ounce of proof as to whether in fact there had been any wrongdoing. People's names were dragged through the mud. They were being denied the opportunity to have their day in court. Here again this is happening behind closed doors. The Canadian people want a more open process.

When we talk about infrastructure, the Pearson airport is Canada's most important infrastructure and it continues to deteriorate. Jobs could have been created in overhauling those terminals. Indeed jobs are going to be lost in Ontario and all across Canada because that airport is continuing to deteriorate.

One of the things that really bothered me on that Pearson deal was the comments that were coming from the other side about the sleaze, the corruption, and how rotten a deal it was. Yet the government was prepared to pay \$30 million to this sleaze. If these people are half as bad as the government is making them out to be, why would they get one nickel of taxpayers' dollars?

We were demanding that an open and public inquiry be held. That was denied over a year ago, and reluctantly it is being agreed to now. It is unfortunately too late, because now we are going to have the Liberal hacks and the Conservative hacks in the Senate deciding who is the worst in this whole affair.

A problem with Bill C-43 is that the lobbyists should be identified by activities and not by employers. Another item is there is a definition in the bill that the lobbyist activity should be significant. How do we measure significant? If we go back to the Pearson deal, there was enough potential money to be made on that deal that you could be in once and out and be set for life. The word significant would not have applied in the case of the Pearson deal. The bill ignores the anti-avoidance schemes that are there.

The appointment of the ethics counsellor is another broken promise. On page 95 of the red book we were going to get an ethics counsellor who would report directly to Parliament. Another broken promise. Another golden opportunity to restore the confidence of the Canadian people has been lost. Having him report through the registrar general is like having the auditor general report through the finance minister.

Remind all members we have an opportunity, with 205 new members, to do something to restore that level of trust and lost confidence. Let us not lose it. Bill C-43 is a small step. We can open it up so that it is a much larger step, taking us down the road to a much better and more open Parliament.

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[Translation]

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, I am pleased to speak about Bill C-43, which seeks to amend the Lobbyists Registration Act and thus, we are told, ensure greater transparency regarding representations made to the Canadian government by lobbyists.

(1055)

The Bloc Québécois has always insisted on the need to monitor the activities of those who make representations to politicians and public servants in an attempt to influence decisions for the benefit their clients.

The Liberals' red book is infamous, because it was their election platform, but has become the graveyard of all their unfulfilled commitments and promises. The red book stated that "a Liberal government will move quickly and decisively in several ways to address these concerns about conflicts of interest and influence peddling". A few weeks later, as soon as they got to power, the Liberal government stressed in its Speech from the Throne that "legislation will be placed before you to increase the transparency of the relations between lobbyists and the Government".

Despite the far from exemplary past of the federal Liberals in this area, Quebecers and Canadians were ready to believe that this was it, that this federal government was finally going to clear out this dark corner of our political institutions and bureaucracies. Patronage and partisan politics have fed the public's cynicism regarding the government apparatus for much too long now for the government to be able to restore their trust. The 35th Parliament was given a clear mandate to change these old ways. Canadians and Quebecers opted for change and they elected us to defend the interests of all our fellow citizens.

Bill C-43 and the Zed report on the registration and control of lobbyists brought Canadians and Quebecers back to the sad reality. We have learned that the Liberals should carry a "best before" date, just like dairy products.

The Deputy Speaker: I am sorry to interrupt, but the hon. member will have the floor after Question Period.

[English]

It being eleven o'clock, we will now proceed to statements by members.

STATEMENTS BY MEMBERS

[English]

BURMESE REFUGEES

Mr. Harbance Singh Dhaliwal (Vancouver South, Lib.): Mr. Speaker, I recently returned from a trip to Burma and

Thailand. While making that trip I learned a lot about human rights and some of the concerns the local people have.

I had an opportunity to visit the refugee camps on the Thailand-Burma border, where there are more than 90,000 Burmese Karens on the border. One of the major concerns they had was the security problem of the military government, the SLORC from Burma, attacking them. More recently I have learned that some of the camps I did visit in fact were attacked and more than 200 houses were burned down.

I made these concerns known to the ambassador of Thailand and to our foreign affairs people.

I would urge this House and all my colleagues to continue to put the pressure on to ensure that the refugees along the Thailand-Burma border are secure and that the Thailand government gets the security it deserves.

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[Translation]

FISHERIES

Mr. René Canuel (Matapédia—Matane, BQ): Mr. Speaker, speaking in the House on Tuesday, the federal Minister of Fisheries admitted that his plan for managing snow crab in 1995 changed the historic shares of the provinces, but he maintained that the measure would be temporary, just for this year.

This is a complete contradiction of a statement made by his secretary of state in Shediac on April 23, which indicated that the plan might be extended as long as the snow crab biomass remained stable.

Because of this measure, Quebec will lose 400 tonnes of crab and 40 factory jobs, while fishermen in the Gaspé and the Magdalen Islands will lose three million dollars in income. And the minister has the nerve to claim that his decision is fair to Quebec fishermen.

We are beginning to understand why the federal government insists on maintaining its right to manage fish quotas and continues to ignore Quebec's demands. Quebec fishermen, who are caught in the middle, are feeling the impact of this policy and are not about to forget it.

* * *

[English]

V-E DAY CEREMONIES

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, it is with great pleasure and pride that I say these words today.

I was moved by the ceremonies performed today across Europe in recognition of war's end and especially to remember Canada's role with the allies in the liberation of Europe. The news coverage revealed the incredible feelings of hospitality,

thankfulness and warm affection these people feel for Canadians.

To see the Canadian flag waving, to hear the cordial words from their youth, to participate in the prayers in their churches, to see the bloom of flowers on every street and city square made me, and I am sure all Canadians, even more proud of our heroes and country. It is this that shows us the true bond that exists between our nation and our people with the former allies overseas. We should all pause to consider how fortunate we are that we inherited and formed these bonds as a result of the sacrifices our fighters made in defending freedom.

It is moments like these we should dwell on to put into true perspective our lasting relations with our friends across the seas. Today in Canada we feel truly proud and grateful that God has blessed us and our country with such history and friends.

* * *

CFB CHILLIWACK

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, the Liberal government has chosen to close Canadian forces base Chilliwack, a decision which many people in British Columbia regard as unwise.

I received a letter bearing thousands of signatures requesting that the government keep the base open. A public rally was held a few weeks ago, the weekend before the minister visited the base. Unfortunately the minister stated that the decision to close CFB Chilliwack was carved in stone, although both civilian and military personnel have posed questions about the closure that remain unanswered.

If this decision is final, it means that the government must now participate with the local committee to plan the transition. It must provide clear information on the timing and disposition of both personnel and facilities at the base as soon as possible.

The closure of CFB Chilliwack means the loss of over \$100 million to our area. Now that the government's position is clear, it is time to begin working with the community to minimize the disruption to our local economy and to the thousands of families affected by this unfortunate closure.

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LITERACY

Mr. Mac Harb (Ottawa Centre, Lib.): Mr. Speaker, last week we celebrated the fight against illiteracy in Canada. As someone who has been involved in this issue for a number of years, I want to take the opportunity to congratulate all the non-profit organizations, school boards and people involved in the issue of illiteracy from coast to coast.

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Members will know that illiteracy costs Canada about \$10 billion a year in lost productivity. To business alone it costs about \$4 billion a year. That is quite appalling.

The initiative the government has taken on the issue is commendable. I take this opportunity to congratulate the minister responsible for literacy in the other place as well as the minister of human resources for their initiatives.

I hope that by the year 2002, we will have a literacy perfect society, whereby everybody will have a chance to read and write as they should be doing.

* * *

YOUTH

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, we often refer to our youth as the future of our country.

The majority of young Canadians are ambitious, intelligent, hard working and caring citizens, including the students from the Carleton North high school choir, those participating in the forum for young Canadians and the adventures and citizenship students, all of whom are visiting Parliament Hill this week.

Our youth are learning Canadian values that will enable them to grow into the leaders of tomorrow, who will protect others who are not as fortunate as they are, while providing every opportunity for those who follow them to flourish in the best possible environment.

Today I salute tomorrow's leaders, thank them for what they have done for Canada today and for what they will do in the future to ensure Canada remains a united and strong country to be envied throughout the world.

* * *

[Translation]

HEALTH CARE

Mr. Réal Ménard (Hochelaga—Maisonneuve, BQ): Mr. Speaker, in an article that appeared in the Quebec media, former Senator Claude Castonguay, the father of health insurance in Quebec and former health minister, gave a very clear analysis of the state of our health care system and the future of the system.

According to Mr. Castonguay, the federal government's withdrawal from health care funding is a major threat to the survival of our health care system.

(1105)

Still according to Mr. Castonguay, despite this withdrawal, the federal government continues to act like an inflexible regulatory agency and dogmatically enforces the standards of the system. By calling the shots without sharing the costs, the federal government puts the provinces in an almost impossible situation. To us, it is clear that the only way to guarantee the

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survival of our health care system is for the federal government to withdraw, with full financial compensation for the provinces.

The Bloc Québécois continues to say, loud and clear, that the provinces have exclusive jurisdiction over health care.

* * *

[*English*]

INUKTITUT

Mr. Jack Iyerak Anawak (Nunatsiak, Lib.):

[*Editor's Note: Member spoke in Inuktitut.*]

Mr. Speaker, Canada is a country of many cultures and languages. Our diversity strengthens and enriches us. In Canada we have values of respect for one another and accommodation of our differences. In Canada we do not have to be the same as everyone else. We do not all have to have the same roots or the same mother tongue to be Canadian, to love this country and to work for its betterment.

My mother tongue, Inuktitut, has been spoken in this country for thousands of years, long before European languages were spoken here. Along with other aboriginal languages, Inuktitut is an original language of Canada. Inuktitut belongs in the House of Commons.

* * *

TAX REFORM

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, I rise to present the fourth instalment of the Liberals copy Reform awards.

Today's lucky winner is the hon. member for Broadview—Greenwood, who last Monday stated: "If we do not have total tax reform in the House in about 25 or 30 months from now, I agree with the people who say we will hit the wall when it comes to our deficit and debt".

In those words, I see a member who is frustrated and lonely because his party is not supporting tax reform in Canada. It is a party that in one year in the name of simplicity has added 1,288 pages to the Income Tax Act.

Canada's tax system is out of control. It takes too much money from hard working Canadians who earn it and gives it to high spending politicians on that side of the House who blow it on pensions, on junkets, on programs like TAGS.

Reformers believe in a flat tax. It is supported by our entire party, unlike the Liberal member who is truly a lone wolf, whose unanswered howls for tax reform echo through the halls of Parliament.

V-E DAY

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, on Monday, May 8 Canadians will be commemorating the 50th anniversary of V-E Day.

I am honoured to rise today to pay tribute to our veterans. I am especially proud to recognize the many veterans who live in my riding of Annapolis Valley—Hants. I look forward to joining them on Monday to commemorate this momentous occasion.

For our military personnel, for our merchant marines, for our medical teams that worked on the front lines and for all those Canadians who contributed to the home front I am sure I speak for all my colleagues when I offer my deepest gratitude for their sacrifices.

On this occasion, I ask all Canadians to stop and reflect, to say a prayer of thanks for those who risked their lives and for those who died to preserve freedom. We are truly indebted to all of them.

* * *

THE ENVIRONMENT

Mr. John Maloney (Erie, Lib.): Mr. Speaker, the grade 5 students of William E. Brown Elementary School in the village of Wainfleet in my riding of Erie ask that the government ban the use of lead shot in Canada.

Lead shot is used for hunting waterfowl, upland game birds, small mammals and for trap or skeet shooting. This results in 4,125 tonnes of lead being discharged into the Canadian environment each year. Lead is a highly poisonous metal that when ingested by birds or animals as they forage for food leads to a slow and agonizing death, a death that is totally unnecessary.

The use of lead shot is one more source of environmental contamination that is unacceptable, especially when there are non-toxic alternatives available, such as bismuth shot. It is my understanding that lead shot has already been banned in the United States and some European countries and that some non-toxic shot zones have been established in our own country.

I ask the Minister of the Environment to ban the use of lead shot throughout Canada. Let us follow the lead of these students by thinking globally and acting locally. Preserve our wildlife, simply ban lead shot.

* * *

[*Translation*]

THE ECONOMY

Mr. André Caron (Jonquière, BQ): Mr. Speaker, according to information received recently from the Conference Board, the job situation in Canada is of major concern to consumers and business people.

In the world of business, 38 per cent of managers foresee an upturn in the economy in the coming six months, as opposed to 64 per cent last year. Fewer than one third of consumers in Canada consider this a good time to make major purchases.

(1110)

Only 16 per cent of consumers think there will be more jobs in their community in the next six months, whereas, at the end of last year, 26 per cent of consumers felt there would.

Confidence in Canada's economy is shrinking daily, despite what the Prime Minister and Minister of Finance are saying. The Prime Minister should look at what is going on around him. Has he spoken recently to any of the millions of Canadians reduced to unemployment insurance and welfare?

* * *

[English]

EPILEPSY

Mr. Jesse Flis (Parkdale—High Park, Lib.): Mr. Speaker, I recently had the pleasure of meeting with one of my constituents, Mr. Richard Aihoshi, who represents the Epilepsy Association of Metro Toronto.

Having personal experience with persons affected by epilepsy I know the true nature of this disorder which has long been distorted by myth and fear. Epilepsy is a physical disorder; it is not a disease.

People with epilepsy can and do lead full, productive and accomplished lives. Alexander the Great, Richard Burton, Alfred Nobel and Agatha Christie all lived with epilepsy.

I therefore congratulate the Epilepsy Association in metro Toronto. We must all do our part to better understand the 280,000 Canadians that live with this disorder.

* * *

RAF FERRY COMMAND

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, this coming Monday marks the 50th anniversary of V-E Day. Under the banner "Canada Remembers" Canadians will spend that day paying tribute to those Canadian soldiers who fought for their country in the second world war.

However the "Canada Remembers" slogan has a somewhat hollow ring. Many civilians contributed much to the war effort, at great risk to themselves, but have been largely forgotten. One such group was RAF Ferry Command to which I would like to pay tribute. Ferry Command was a group of determined civilian pilots who delivered more than 10,000 planes to the battle zones of Europe and Asia.

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Ferry Command began in November 1940 when pilots from Canadian Pacific Air Services ferried seven Lockheed Hudsons non-stop across the Atlantic and continued their work for the duration of the war. Their casualty rate was a significant 20 per cent.

I would like to ask all members in the House today to take a moment to remember the brave men and women of Ferry Command.

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GIRL GUIDES

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, today I had the pleasure of welcoming the 223rd Girl Guides of Mississauga to the House of Commons. I also had the great honour to present heritage badges to 18 of these special young ladies who had fulfilled the requirements, namely about their own heritage and about the natural and cultural heritage of Canada.

On this very special occasion I would like to publicly congratulate the honourees on their wonderful achievements.

I would also like to pay special tribute to the Girl Guides and their volunteer group leaders all across Canada for their very special contribution to their communities and to Canada which, as the Prime Minister has said so often, is a proud, generous, prosperous and tolerant nation, the best country in the world.

* * *

PEARSON INTERNATIONAL AIRPORT

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, there will come a point when the entire Pearson mess will crash and Canadians will be left to pick up the pieces of the wreckage. It is a sad day in Canadian history when patronage heaven decides to clear the stench over Pearson with Tory and Liberal hacks investigating a patronage affair.

Accusations fly between the two while the airport remains in a holding pattern. Canada's most important piece of infrastructure continues to deteriorate.

Reformers called for an impartial judicial inquiry over a year ago. Canadian taxpayers, as always, are stuck with the cheque and they want some answers. Instead, a year has passed and the Liberal government provides Canadians with a partial, patronage based inquiry without a single elected official, members of the family compact investigating members of the family compact.

Canadians deserve better government than this. It is time to rebuild; it is time to reform. We must not delay the development of Pearson, the crown jewel of our transportation system.

*Oral Questions***ORAL QUESTION PERIOD***[Translation]***INTERNAL TRADE**

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, yesterday, the Minister of Industry stubbornly refused to admit that Bill C-88 gives the federal government extraordinary powers that go far beyond the scope of the internal trade agreement.

Now that he has read his bill and his officials have informed him of the scope of the provisions of C-88 on the government's retaliatory powers, could the Minister of Industry confirm that the federal government is giving itself, among other things, the power to cut transfer payments to any province that fails to comply with the internal trade agreement?

(1115)

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the hon. member is mistaken once again. If he would read the bill, he will see the following, and I quote:

—pursuant to Article 1710 of the Agreement, the Governor in Council may, by order—

In order to understand the bill, the member will have to read the entire agreement on internal trade.

Had he read it, he might understand that the federal government's power in this area is very limited and applies only in the case of provincial discrimination against a company because of its federal status. Then there has to be a hearing before a committee to resolve the dispute and then another for the company and then the province involved has to refuse to implement the terms of the agreement.

The only provision then is that all parties must comply with the agreement. There is nothing like what the member for Roberval has suggested.

Mr. Michel Gauthier (Roberval, BQ): Mr. Speaker, how can the Minister of Industry continue to deny that Bill C-88 gives the federal government excessive powers, when no less than the executive director of the Internal Trade Secretariat himself, Bob Knox, says that Bill C-88 enables the government to use whatever retaliatory measures it deems appropriate in any sector?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I put the question to Mr. Knox this morning and he told me that the reporter had completely misunderstood him, which is not surprising. I can read the provisions of the agreement to the hon. member if he wants me to. I would like to stress this point because the federal government is very seldom in a position to intervene in a dispute. This applies only to those companies that are subject to action because they are federally regulated.

If this takes place after every other recourse provided for in the agreement has been exhausted, then the government may suspend the application of certain provisions with respect to a province, but on the following conditions: benefits must be suspended or retaliatory measures imposed in the same sector as the measure considered inconsistent with the agreement; moreover, benefits may be suspended or retaliatory measures may be imposed in other sectors covered by the agreement only when it would be impractical or ineffective to suspend such benefits or impose such measures.

It is strictly limited those sectors covered by the agreement. So there is no problem.

Mr. Michel Gauthier (Roberval, BQ): No, Mr. Speaker, there are no problems. There are never any problems with the federal government. The minister has just told us that the journalist misunderstood. Yet, I quoted Mr. Knox's statement verbatim.

You know, if we are to believe the Minister of Industry, the opposition never understands, the opposition's legal advisers do not understand, and the same goes for Mr. Knox and the journalist. According to him, nobody ever understands anything, except him.

Mr. Loubier: He is the only one who understands.

Some hon. members: Hear, hear.

Mr. Gauthier: He is the only one who is marching in step.

(1120)

I will ask him a third question and I hope that, this time, we will agree on a possible answer. How can the provinces trust the federal government when none other than the senior strategic adviser with the Internal Trade Secretariat, John Richardson, admitted that the bill goes further than the agreement? That is what Mr. Richardson himself said.

How can we trust a partner who, at the first opportunity, betrays his signature and clearly exceeds the terms of an agreement?

[English]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, let me again try to explain to the hon. member. The provisions of the bill are limited by the agreement on internal trade. That is the case in the wording of clause 9 of the bill. It is the same wording as applies in the implementing legislation for the World Trade Organization and NAFTA. It is normal wording.

The agreement limits very specifically the occasions when the federal government is involved in a dispute resolution. Most of the agreement on internal trade has to do with regulating disputes between provinces. Only in the rare case where a company is discriminated against because of its federal status or because it is federally regulated would the federal government be involved in the process of dispute resolution which starts first

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with consultation, second with the appointment of a panel, and then the resolution of the dispute by the panel.

If the dispute were resolved in favour of the federal government, if the province refused to take the measures that were dictated by the panel, if a year passed without that happening and further consultation did not occur, then possibly the federal government could withhold benefits in the sectors concerned with the dispute or the sectors involved in the agreement on internal trade.

This does not at all pertain to the issues of health and social transfers raised by the hon. member in his first question. It is ridiculous.

[*Translation*]

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, my question is for the Minister of Industry. The Canadian provinces and the federal government agreed on the terms of an agreement on interprovincial trade. The federal government is now using Bill C-88 to give itself powers that were never discussed during negotiations or when the agreement was signed.

How does the Minister of Industry, who claims to be co-operating with the provinces, to be a reliable partner and to act openly, explain that at no time was the Quebec government, or the Ontario government, for that matter, ever consulted on Bill C-88?

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, the hon. member is wrong. The ministers responsible for internal trade met in Calgary a few weeks ago. Together with the other ministers responsible, I announced at the time that this bill would be tabled in the House of Commons after the Easter break.

I repeat that there is nothing in the bill, that it is simply not possible for the bill to contain provisions that go further than the agreement itself. It is certainly possible for us to implement the internal trade agreement, to table in the House of Commons a bill applying only to the measures included in the agreement without going any further.

Mr. Gaston Leroux (Richmond—Wolfe, BQ): Mr. Speaker, once again, we did not get it. Why is it that the Minister of Industry is the only one who understands? We have been told that he is the only one who does understand.

How can the Minister of Industry continue to claim that Bill C-88 complies with the Agreement on Internal Trade, considering that the two senior officials responsible for its implementation maintain that the legislation goes beyond the scope of the agreement?

[*English*]

Hon. John Manley (Minister of Industry, Lib.): Mr. Speaker, I can do no more than refer the member to the bill and ask him to read its terms so that he can see the provision about which he complains states:

For the purpose of suspending benefits or imposing retaliatory measures of equivalent effect against a province pursuant to Article 1710 of the Agreement,

(1125)

The provisions of the bill are limited by the agreement. I regret that words spoken by officials were taken out of context and misquoted, I might add, by a journalist. I am sure it has never happened to the hon. member. I would like to emphasize the importance of reading the bill before the House.

* * *

HUGHES AIRCRAFT

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, Hughes Aircraft of Canada received a government contract to modernize our air traffic control system at a cost of almost \$420 million. The system is already 15 months late and now we have learned that Hughes is looking for as much as \$400 million more of taxpayers' money to complete the job.

The Minister of Transport expressed his dissatisfaction with the delay and said that there would be a limit to the amount of money the government was willing to add to the contract. The government should not add anything to the deal. It was a fixed price contract and Hughes should deliver.

My question is for the Minister of Transport. Will he assure Canadians that not one more dime of public money will be given to Hughes Aircraft?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, as I indicated in response to a question yesterday, the government is very concerned about the matter to which my hon. friend refers. We are in the process of negotiations now with Hughes.

The system should become a very important element in the air navigation system for Canada. We have serious reservations about the way the project has been managed and the problems to which my friend refers in terms of delivery and cost.

I do not want to prejudice the negotiations by doing it in public, but I want to assure my hon. friend that we are very sensitive to the potential for cost overruns. We want to make sure the system functions well. We will do everything in our power to try to protect the interests of Canadian taxpayers in the matter.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, Hughes officials informed top level officials of Transport Canada last month that they could not meet the terms of the

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original contract but were willing to deliver a scaled down version for an extra \$150 million.

The Minister of Transport, however, told the House that Hughes officials had assured him the project was on target and within budget. This makes me wonder whether or not the government would have quietly given Hughes more money if the deal had not been made public.

When did the government learn of Hughes' inability to meet the original terms of the contract and why was the House not informed of this serious matter?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I regret the implication in the hon. member's question that somehow we have been remiss in responding to the problems.

As I indicated in my response yesterday, immediately that I became aware there was a problem with the contract I not only advised the deputy minister of my concerns but I also advised the Auditor General of Canada and asked him to look into it.

Further, my reference to the comfort that we received from Hughes with respect to delivery on time and the cost provisions I said was made several months ago, quite some time ago in a meeting in my office with the principal officers of the company responsible for delivering on the contract. They had assured me at that time that the difficulties had been overcome and they were confident of being able to meet the terms of the contract.

I want to say in fairness to all the parties involved that these types of very complex and technological contracts often are subject to some change and modification as the technology evolves. However this particular situation is unacceptable to the Government of Canada and we intend to protect the interests of Canadian taxpayers to the extent we can.

I know the hon. member is very fond of contracts being honoured in view of his support for the Pearson airport contract.

Mr. Jim Gouk (Kootenay West—Revelstoke, Ref.): Mr. Speaker, I just love it that the minister raised the question of my favourite subject.

The government has been quite willing to cancel contracts including those with Andersen Consulting, Micronav International, and, yes, the Pearson airport contract.

Hughes Aircraft has only delivered a meagre 10 per cent of its promised contract. Now it states that it cannot meet the original terms of the deal and will only produce a scaled down version of the air traffic control system if it gets more public money.

I have a supplementary question. Why will the government not cancel the Hughes contract immediately? Not one more cent of Canadian money should be wasted.

(1130)

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, those who are following the Pearson saga will know the hon. member was quoted in a major article this week as having succumbed to the arguments of those who keep whispering in his ear about the propriety of the Pearson contract, and he now supports it. Who knows, given a couple of weeks he could even come around and support the Hughes contract.

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[Translation]

PEACEKEEPERS

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, my question is for the Deputy Prime Minister.

A few weeks ago, the government announced that there would be an inquiry to shed light on the behaviour of Canadian peacekeepers in Somalia.

This morning, we learned that, on the advice of his lawyers, the Minister of National Defence has ordered that no document relating to the inquiry is to be made available to the media and the public under the Access to Information Act.

How does the Deputy Prime Minister explain her government's refusal to give access to the documents which relate to the inquiry on the behaviour of Canadian soldiers in Somalia?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, a recommendation was made by the Judge Advocate General. The government has yet to make a decision in that respect.

Mr. Jean-Marc Jacob (Charlesbourg, BQ): Mr. Speaker, I hope that decision will not take as long as the setting up of a board of inquiry.

How does the Deputy Prime Minister reconcile this refusal to give access to information with the government's claim that it wants to shed light on the events which took place in Somalia? What is the government trying to hide by acting in this way?

[English]

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I want to repeat it in case the member did not get it the first time.

The Judge Advocate General has made a recommendation about the issue of access to information. There has been some discussion among the commissioners, including former journalist Peter Desbarats who is of the public view that further informal links of information may put the inquiry in some difficulty.

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We are at the moment examining the issue and we have not made a decision. We obviously want the inquiry into the Conservative handling of the Somalia affair to be as thorough and as public as possible. We do not want it to turn into an O. J. Simpson style circus. We will do everything we can to make sure public access to all information is available to everyone.

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, I listened with interest to the Deputy Prime Minister's statement in response to the Bloc's question. I listened carefully and it is not adequate for me.

In my opinion the Canadian public is entitled to the information, and the democratic process is being violated by this blocking of the Access to Information Act.

If we consider the continued refusal to release information at the request of the commissioners we understand were appointed to conduct the inquiry, can the Deputy Prime Minister explain in simple terms why she believes Canadians' right to this information can be subverted in this way?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, the member obviously prepared his question before he listened to my previous answer.

My previous answer was quite clear. There is a recommendation by the Judge Advocate General on the issue of information. We have not made a decision on that recommendation.

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, the Judge Advocate General is not the be all and end all of the legal process in Canada. He may be for the Department of National Defence but he is not for Canadians at large.

I ask the Deputy Prime Minister to rethink the answer, leaving out the Judge Advocate General and including someone else in authority.

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I do not know how I can be more clear.

There has been a recommendation made by the Judge Advocate General. The government has not as yet made a decision about that recommendation.

We will very shortly obviously review the views of the commissioners, some of whom have concern about the possibility of tandem inquiries taking place, a la O. J. Simpson.

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[Translation]

CANADIAN NATIONAL RAILWAYS

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, my question is for the Minister of Transport.

Over the years, Canadians and Quebecers have invested billions of dollars to develop and maintain Canada's railway system in the past century. Now the government is getting ready to privatize Canadian National without guaranteeing Canadian ownership.

(1135)

How does the Minister of Transport justify the fact that his proposed privatization of CN contains no restriction on foreign ownership and thus no guarantee that CN will remain under Canadian control?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I intend to present a bill at the end of question period. It would not be appropriate for me to comment on the hon. member's question before we table the bill.

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I will talk about this bill anyway because I feel it is very important.

An hon. member: It has not even been tabled yet.

Mr. Bellehumeur: Mr. Speaker, my second question is a supplementary that I would urge the minister to answer this time.

Does the Minister of Transport not agree that limiting to 15 per cent, under this bill, the number of CN shares that an individual or group may own does not seem to do much to protect the substantial financial contribution the taxpayers of Quebec and Canada have made over the years to CN's development? If he has no objections, I would like him to explain.

[English]

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, with all due respect, if anybody should be embarrassed in here it is the hon. member who has betrayed a confidence of the House.

We were kind enough to provide for a lock-up to discuss legislation that would be brought before all my colleagues in the House at the same time. I thank the members of the Reform Party for their honour and integrity to respect those arrangements.

I deplore that a member who was given a privilege of this nature would abuse it in the way the member just has.

* * *

PUBLIC SERVICE

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, my question is for the Minister responsible for Public Service Renewal.

Workers who have been declared surplus deserve the first crack at any job they can seize in the public service. Last year a regional director in the Department of Health cancelled a job competition in order to hire someone he knew personally under an employment equity program called "Options".

Oral Questions

Surplus employees watched helplessly as their applications were ignored in favour of an employment equity application.

We have been assured the best qualified persons are allowed to compete for jobs in the public service. Are employment equity programs being used to bypass this important principle?

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, no. Our equity programs are not there to create the type of result mentioned.

I can only reaffirm we use the merit principle in the public service as our basic principle. I will investigate the facts of the case mentioned to see if they fit with our principles.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I will give a few more facts. The person who was hired for the job happens to be the daughter of the regional director of the Department of Health. Not only was employment equity used to bypass the merit principle but apparently it was also used to hire a close relative.

Any program that does not demand the hiring of the best qualified is open to manipulation. The government plans to expand employment equity programs throughout the public service. The people of Canada do not want that; the public service does not want that and surplus employees certainly deserve a lot better.

Why does the government not cancel this program right now?

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, even if the facts of the case are as indicated, and we will check on it, this would not be a reason to cancel the employment equity principle.

It is a principle that we basically believe which permits all Canadians, whatever their origin, colour or religion, to have the same treatment in the public service. It is fundamental to a well functioning government and a well functioning society. We will keep it as the basis for our public service.

* * *

[Translation]

WORKING LANGUAGE IN THE PUBLIC SERVICE

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, my question is for the Deputy Prime Minister.

Last week, the President of the Treasury Board refused in this House to answer a question on the working language of federal employees, preferring to talk about the services provided to the

public instead. This week, a report released by the Commissioner of Official Languages shows that only 44 per cent of francophone federal employees in the Ottawa–Hull area are able to work in French most of the time, when they are not dealing with public inquiries.

How can the Deputy Prime Minister not see in the fact that only 44 per cent of francophone federal employees in the national capital region are able to work in French a bitter failure of institutional bilingualism?

(1140)

Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, on behalf of the President of the Treasury Board, I can assure my hon. colleague that the President of the Treasury Board and the government are doing all they can to make sure that bilingualism policies are enforced.

On the specifics of her question, the President of the Treasury Board will be able to provide an answer as soon as he returns to the House.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, the Commissioner of Official Languages also confirmed that the French language is almost never used in written communications between public servants in the national capital region. I would like the parliamentary secretary to enlighten me on that as well.

How can he tolerate the fact that, in the federal capital, only one French speaking employee out of ten is allowed to write in French?

Hon. Alfonso Gagliano (Secretary of State (Parliamentary Affairs) and Deputy Leader of the Government in the House of Commons, Lib.): Mr. Speaker, I can only repeat that, upon his return, the President of the Treasury Board will be able to provide an appropriate answer to the hon. member's question.

* * *

THE ENVIRONMENT

Mr. Raymond Bonin (Nickel Belt, Lib.): Mr. Speaker, my question is for the Deputy Prime Minister and Minister of the Environment.

[English]

Last week before the House committee on environment and sustainable development, Canada's Wildlife Service and various groups including the Canadian Museum of Nature, the Grand Council of Crees in Quebec, the Canadian Nature Federation, the Porcupine caribou herd management board and the Sierra Legal Defence Fund made representations detailing the impact human actions have on the lives and habitat of wildlife and many species of flora.

Oral Questions

Can the minister indicate when her legislation to protect the endangered species of wildlife and flora will be introduced into the House?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I thank the hon. member for the question.

I certainly thank the endangered species coalition which has not only encouraged the federal government to introduce framework legislation but has also encouraged at least four provinces that previously did not have endangered species legislation to proceed with their own legislation.

Quebec currently has legislation. There are other provinces coming on board. We hope to have plain language legislation ready for tabling in June, followed by a formalized legislative bill in September.

* * *

MMT

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, the Minister of the Environment is moving ahead with her plans to ban MMT, a gasoline additive.

The minister will not use federal environmental laws to ban the substance because she cannot. There is no independent evidence to prove MMT harms Canadians, the environment or cars in Canada. If the minister bans MMT without environmental laws she will likely find herself defending the ban under the laws governing free trade.

Considering the legal difficulties of an arbitrary ban of MMT, why is the minister still moving ahead with the ban?

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, the United States Environmental Protection Agency banned MMT in 1977. Since that time the Ethyl Corporation has consistently tried to turn around the ban by court case after court case, which has and continues to fail.

I advise the hon. member that last week when I had the opportunity of speaking with Carol Browner, head of the EPA, she reaffirmed the U.S. commitment not to allow MMT. She decried the fact that there is only one country, Canada, that still allows MMT. We intend to change that.

Instead of being the mouthpiece for a particular industry, the hon. member should be concerned that Canadians across the country run the risk of having to pay \$3,000 more for their automobiles next year if we do not get MMT out of gasoline.

We intend to do so. We intend to show the leadership the previous government did not show. Canadians will be happy with the result.

Mr. Paul E. Forseth (New Westminster—Burnaby, Ref.): Mr. Speaker, the Reform Party supports curtailing toxic substances but only on the basis of reliable evidence. We do not choose sides in this matter. We just want some proof. The minister appears to be deciding for political reasons rather than science.

How can the minister support an arbitrary ban of MMT without impartial evidence and especially without the support of the Minister of Natural Resources?

(1145)

Hon. Sheila Copps (Deputy Prime Minister and Minister of the Environment, Lib.): Mr. Speaker, I would point out that any cabinet decision to move on MMT is supported by all ministers of the government. I would further point out that if the member is looking for evidence, he can look at the evidence which was tabled before the environment department by Chrysler, Ford and GM. All of them have suggested that at the moment the failure rate for Canadian spark plugs is 17 times higher than that of the United States because we have MMT and it does not.

If this member is not interested in protecting Canadian consumers and cleaning up Canadian air, this government is, and collectively we are going to do that.

* * *

[*Translation*]

2005 WORLD FAIR

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, my question is for the heritage minister.

For several weeks, residents of Hull and Ottawa have been waiting with baited breath for Cabinet to decide which city shall be selected to bid for the 2005 World Fair. In its report, a committee set up by the heritage minister recently recommended Calgary as the host city for this event.

How can the heritage minister explain this long delay in processing applications by Calgary and the federal capital and when will a cabinet decision finally be announced concerning the selection of one city as a potential host for Expo 2005?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, I thank my colleague for his question. It is, indeed, an important question. We are in the process of reviewing Canada's participation in a major world fair. Consultations have to be conducted and that is what I am doing in conjunction with my colleagues. I hope that we will have an announcement to make very soon.

Mr. Stéphane Bergeron (Verchères, BQ): Mr. Speaker, given the fact that more than a third of the 45,000 public service jobs that will be cut as a result of the budget are in the federal capital region and that, according to the report tabled by his committee, this region would receive greater support than Calgary both in Canada and abroad, does the minister not agree

Oral Questions

that the federal capital should be the logical and unanimous choice of cabinet?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, I see that our colleague has a message for us, and I take good note of it.

* * *

[English]

THE ECONOMY

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, we should not yet panic about the unfortunate but strong and distinct signs of economic slowdown. However, we should be prepared for it to continue since Canada's record high real interest rates are sure to keep consumers from buying cars, homes and other durables.

My question for the Minister of Finance is how much economic slowdown and resultant reduced tax revenues can Canada take before the contingency reserve in his budget is exhausted and he will miss the deficit target he has vowed to meet?

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, the hon. member has made some interesting points.

I point out to him however that our interest rate levels are below the levels that were in the budget. Economic growth is running in the first two months of this year at about 5 per cent above last year's numbers. Our deficit numbers are very much on target. The contingency reserves are not in any sense endangered by the present economic slowdown.

Mr. Herb Grubel (Capilano—Howe Sound, Ref.): Mr. Speaker, I do not believe this slowdown was in any of the models. It had never been put into the forecast about economic growth in the future. It comes as a total surprise.

The coming economic slowdown will cause higher unemployment. This will surely cause members of the Liberal cabinet and caucus to increase their resistance to spending cuts, cuts which they could not get themselves to approve during last year's boom.

Given the likely political resistance to essential spending cuts, will the minister support Reform's proposed balanced budget legislation which has been used in many other jurisdictions to protect taxpayers from shortsighted and selfish actions of politicians?

(1150)

Hon. Douglas Peters (Secretary of State (International Financial Institutions), Lib.): Mr. Speaker, it is quite possible for the hon. member to gather economic statistics that are negative. However, there are a lot of positive things as well.

The member talks about slowing employment. Let me remind him that over the last 12 months 338,000 new jobs have been created in this country. The rate of GDP has been expanding. Exports were up 25 per cent in the first part of this year. Our deficit numbers for last year came in well below our target numbers.

If the hon. member's question was whether or not we would support his balanced budget amendment, the answer is no.

* * *

[Translation]

JOB CREATION

Mr. Martin Cauchon (Outremont, Lib.): Mr. Speaker, my question is for the Secretary of State for Training and Youth. Recently, the Minister of Human Resources Development created a human resources investment fund in order to focus on employment priorities. In addition, 11 pilot projects directly related to job creation and the human resources investment fund were recently launched in Quebec.

Can the Secretary of State tell us about the objectives of the investment fund and about the link between the 11 pilot projects and this revolutionary investment fund?

[English]

Hon. Ethel Blondin-Andrew (Secretary of State (Training and Youth), Lib.): Mr. Speaker, I would like to thank the member for Outremont for making the announcement in Quebec several weeks ago.

We are putting in place 70 pilot projects across Canada, 11 of which are in Quebec. These are new, innovative CECs that will deliver a simplified and more flexible set of re-employment measures. This is an indication of where this government wants to go with the new human resources investment fund.

* * *

[Translation]

POSTAL SERVICES

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, my question is for the Minister of Canadian Heritage. In the last budget, the Minister of Finance announced an 8 per cent cut, over a three year period, to the postal program designed to subsidize the distribution of magazines and publications in Quebec and in Canada.

How does the Minister of Canadian Heritage explain that his officials indicated to Canadian publishers that the cut affecting the postal program was 24 per cent over 13 months, instead of 8 per cent over three years, as announced in the budget?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, I will check with my officials. This is obviously a very important issue for the magazine industry. As I

said before in this House, we are considering ways of changing the financial support we give that industry in order to ensure that it continues to flourish.

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, one change is the fact that the program had a budget of \$220 million in 1990, compared to \$77 million this year. How can the Minister of Canadian Heritage, who claims to be the protector of the Canadian publishing industry, justify such drastic cuts to a program so vital for publishers?

Hon. Michel Dupuy (Minister of Canadian Heritage, Lib.): Mr. Speaker, the hon. member should realize that we are in a period of fiscal austerity. Obviously, the fiscal restraint announced in the budget will have consequences. However, as I just said, we are currently looking at ways of readjusting our programs to avoid any adverse effect on that important industry.

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[English]

IMMIGRATION

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, it is official. We have received a memo from OHIP stating that as of this April the federal government and not the provincial health plan will be paying for the costs of any health services consumed by people who are applying for refugee status, including I presume those refugee claimants with AIDS.

My question is for the Minister of Health. How is it that the federal government can afford to pick up the tab for tens of thousands of refugee claimants while simultaneously cutting funding for Canadians?

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, for a long time we have heard the opinions of the Reform Party with regard to refugees and immigrants to Canada.

(1155)

This government believes in health care for all Canadians. We believe in health care for people who come to this country. We do not cut people off and leave them to be sick in the streets.

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, because of Canada's bizarre appeal system for failed refugee claimants, many stay in the system for years without determination. By not funding health care for these people, Ontario expects to save an incredible \$32 million which the federal government will now have to pay.

I ask the minister of immigration when will the government put Canadians first and reconsider the provision of expensive medical services for failed refugee claimants who are filing appeal after appeal just to avoid legal deportation?

Oral Questions

Ms. Mary Clancy (Parliamentary Secretary to Minister of Citizenship and Immigration, Lib.): Mr. Speaker, the minister of immigration has announced a number of reforms to the immigration system. We have announced a number of changes to the Immigration and Refugee Board. It is a shame that the hon. member cannot see his way clear from time to time to support these changes and reforms, as well as to support such bills as Bill C-41.

* * *

CN RAIL

Mr. Nelson Riis (Kamloops, NDP): Mr. Speaker, my question is for the Deputy Prime Minister.

Today we learned of another astonishing initiative taken by this government, the privatization of CN and as we learned earlier presumably with no limit on foreign ownership.

When we consider this alongside the abandoning of the Crow rate, the reduced support for health care, post-secondary education, social programs, cultural programs and I could go on, this government is beginning to make Brian Mulroney's Tories look very good.

When we look at what this government has done over the last 18 months, what is it that is Liberal about this Liberal government?

Hon. Douglas Young (Minister of Transport, Lib.): Mr. Speaker, I regret that the hon. member's rose coloured glasses are not working today.

Many of the initiatives which have been undertaken by the department for which I am responsible have been very well received. I am astounded that the hon. member does not recognize the tremendous support in his province, for example, for the policies on international air routes and the bilateral agreements with the United States.

When the merger talks went on with Canadian Pacific and the offer from Canadian Pacific to buy the assets of CN in the east, everyone in the west wanted to make sure we had a national, viable, transcontinental railroad. That is what the purpose of all of this legislation will be: to make sure we have a strong railroad network in this country. That certainly is Liberal policy.

* * *

UNDERGROUNDECONOMY

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, on May 17 this House will debate a motion which recommends that we develop and pursue new initiatives to deal with the serious problems related to the underground economy. While the size of the underground economy is not certain, most agree that it is significant enough that we should pursue all reasonable steps to break the back of the underground economy.

My question is for the Minister of National Revenue. Given the broad concern that many Canadians have about the pre-

Point of Order

valence of the underground economy, would the minister advise the House of what commitments the government has taken to address the serious problem of the underground economy?

Hon. David Anderson (Minister of National Revenue, Lib.): Mr. Speaker, it is appropriate that in the week when people have to file their taxes a question like this should come up.

I assure the hon. member and this House that the measures undertaken three weeks after this government took office are bearing fruit. We are succeeding in reducing the scope of the underground economy through a number of measures, in particular of course with greater enforcement.

We have done this in co-operation with the provinces. We now have agreements with every province in the country. We exchange information, carry out joint orders, work with them. We have agreements with the professional and trade associations in areas of particularly high non-compliance so that we can use the industries themselves.

I can assure the hon. member that the result of this has been a very substantial increase in the revenues coming to the government. I would like to point out that in the last month for which we have figures, revenues are up over 8.5 per cent of what they were a year ago. Some of this at least is due to the underground economy initiative, although I must admit that—

The Deputy Speaker: The hon. member for Elk Island.

* * *

ETHICS

Mr. Ken Epp (Elk Island, Ref.): Mr. Speaker, my question is for the Deputy Prime Minister.

Canadians are becoming weary of the endless, empty talk on government ethnics; all talk, no action.

(1200)

After appointing an ethics counsellor who is completely beholden to the Prime Minister, the government is now moving to draft a code of conduct for MPs and senators, but it has decided to let MPs and senators, under the influence of lobbyists, write their own code of conduct, with no input from regular Canadians. That sounds somewhat like putting Mr. Fox and Mr. Weasel in charge of chicken coop security.

Can the Deputy Prime Minister please tell the House how this obvious conflict of interest is going to enhance public trust of government?

Hon. Herb Gray (Leader of the Government in the House of Commons and Solicitor General of Canada, Lib.): Mr. Speaker, I suggest that the hon. member should read the motion before the House. The motion provides for a committee that will

be in a position to take evidence from people right across the country and to incorporate those views into its recommendations.

Furthermore, when the hon. member speaks of foxes and weasels, I hope he is not looking at himself in the mirror.

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[Translation]

QUEBEC CITY BRIDGE

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, my question is directed to the Minister of Transport. For many years, the federal government has been very negligent about maintaining the Quebec City bridge, which has led to major deterioration of the structure as a result of rust, so that today, repairs are necessary that will cost an estimated \$40 million. Two years ago, the government turned the bridge and responsibility for its maintenance over to Canadian National.

Considering that the federal government is about to privatize CN, does the Minister of Transport intend to include in the appropriate legislation a provision that the potential buyer will be responsible for maintenance of the Quebec City bridge?

Hon. Douglas Young (Minister of Transport, Lib.): Yes, Mr. Speaker.

* * *

PRESENCE IN GALLERY

The Deputy Speaker: Hon. members, I would like draw your attention to the presence in our gallery of Jacques Bihozagara, Rwanda's Minister of Rehabilitation and Social Reintegration.

Some hon. members: Hear, hear.

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[English]

POINT OF ORDER

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, yesterday, following question period, my colleague for Kindersley—Lloydminster rose on a point of order about the issue of sexual abuse of children on a reserve in Quebec.

When my colleague raised the point yesterday he was referring to the derisive and flippant reaction of government members to a question dealing with the serious issue of sexual abuse. However, the Speaker's ruling interpreted our point of order as being critical of the parliamentary secretary's use of language.

On behalf of my colleague, I want to assure the House that at no time we were referring to the fact that the parliamentary secretary was speaking in Inuktitut. We recognize his right to express himself in his native language.

We feel that the Speaker's interpretation—

The Deputy Speaker: I am reminded that the matter was dealt with yesterday and that really none of us should be raising it today. I thank the member for his submission.

ROUTINE PROCEEDINGS

[English]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Peter Milliken (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to Standing Order 36(8), I have the honour to table in both official languages the government's response to 60 petitions.

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COMMITTEES OF THE HOUSE

HUMAN RESOURCES DEVELOPMENT

Hon. Ethel Blondin-Andrew (Secretary of State (Training and Youth), Lib.): Mr. Speaker, I have the honour to present the report of the Standing Committee on Human Resources Development, the report of the committee on disability issues of the Canada Pension Plan Advisory Board.

* * *

[Translation]

CN COMMERCIALIZATION ACT

Hon. Douglas Young (Minister of Transport, Lib.) moved for leave to introduce Bill C-89, an act to provide for the continuance of the Canadian National Railway Company under the Canada Business Corporation Act and for the issuance and sale of shares of the Company to the public.

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

(1205)

Mr. Young: Mr. Speaker, I would like to inform the House that I intend to move for referral of the bill to a committee, before second reading, pursuant to Standing Order 73(1).

* * *

[English]

PETITIONS

BILL C-240

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, I would like to present two petitions to this House today, which will add to the over 10,000 names of people who are calling for changes to be made to the Corrections and

Routine Proceedings

Conditional Release Act and the Criminal Code to allow dangerous offender applications to be made just prior to the expiration of an offender's sentence, and then if the court accepts the application the court could issue an order for continued detention or supervision of the offender.

This petition is in support of private member's Bill C-240, which is asking for changes to the Corrections and Conditional Release Act and the Criminal Code.

I would like to add another 900 names to the list of over 10,000 people who are asking for these changes.

INCOME TAX ACT

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, pursuant to Standing Order 36, I wish to present a petition from the Calgary, Alberta, area of Canada, which is signed by a number of petitioners.

The petitioners would like to draw to the attention of the House that managing the family home and caring for pre-school children is an honourable profession, which has not been recognized for its value to our society. They also state that the Income Tax Act discriminates against families who make the choice to provide care in the home to pre-school children, the disabled, the chronically ill and the aged.

The petitioners therefore pray and call upon Parliament to pursue initiatives to eliminate tax discrimination against families who decide to provide care in the home for pre-school children, the disabled, the chronically ill or the aged.

GUN CONTROL

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, I am honoured to rise in the House to present a petition signed by 295 people from the riding of Cariboo—Chilcotin, other areas of British Columbia, and even one from Alberta.

All who signed the petition are of the opinion that existing controls on law-abiding responsible firearms owners are more than enough to ensure public safety. They therefore call upon Parliament to support laws that will severely punish all violent criminals who use weapons in the commission of a crime; support new Criminal Code firearms control provisions that recognize and protect the right of law-abiding citizens to own and use recreational firearms; and support legislation that will repeal or modify existing gun control laws, which have not improved public safety or have proven not to be cost effective or have proven to be overly complex so as to be ineffective or unenforceable.

CANADIAN ARMED FORCES

Mr. George Proud (Hillsborough, Lib.): Mr. Speaker, pursuant to Standing Order 36, it is my privilege to rise to present petitions on behalf of many Canadians who ask that Parliament, at the earliest possible time, initiate a wide-ranging public inquiry into the Canadian Armed Forces, including the reserves, which will investigate, report, and make recommendations on

Routine Proceedings

all matters affecting its operations, taskings, resources, effectiveness, morale, and welfare.

SEXUAL ORIENTATION

Mr. Sarkis Assadourian (Don Valley North, Lib.): Mr. Speaker, pursuant to Standing Order 36, I would like to present to the House a petition signed by 66 Canadians who live in the riding of Ottawa South.

The petitioners call upon Parliament to oppose any amendments to the Canadian Charter of Rights and Freedoms and the Canadian Human Rights Act that provide for the inclusion of the phrase "sexual orientation".

Mr. Barry Campbell (St. Paul's, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure of presenting two petitions to the House, which call upon Parliament to act quickly to amend the Canadian Human Rights Act to prohibit discrimination on the basis of sexual orientation and to adopt all necessary measures to recognize full equality of same-sex relationships in federal law.

ASSISTED SUICIDE

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the pleasure of presenting three petitions today.

The first petition requests Parliament to ensure that the present provisions of the Criminal Code of Canada prohibiting assisted suicide be enforced vigorously and that Parliament make no changes in the law that would sanction or allow the aiding or abetting of suicide or active or passive euthanasia.

(1210)

SEXUAL ORIENTATION

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, the other petition requests that Parliament not amend the human rights code, the Canadian Human Rights Act, or the Charter of Rights and Freedoms in any way that would tend to indicate societal approval of same-sex relationships or of homosexuality, including amending the human rights code to include in the prohibited grounds of discrimination the undefined phrase "sexual orientation".

RIGHTS OF THE UNBORN

Mr. John Cannis (Scarborough Centre, Lib.): Mr. Speaker, the last petition requests that Parliament act immediately to extend protection to the unborn child by amending the Criminal Code to extend the same protection enjoyed by born human beings to unborn human beings.

CANADIAN ARMED FORCES

Mr. Bob Ringma (Nanaimo—Cowichan, Ref.): Mr. Speaker, I am honoured to present a petition on behalf of many

residents of Ontario in which they note that morale in the Canadian forces is in decline. They note the disbanding of the Canadian Airborne Regiment and other negative factors having bearing.

Therefore, they request that Parliament at the earliest time initiate a wide-ranging public inquiry, replacing many that are being convened piecemeal, into the Canadian Armed Forces, which would investigate, report, and make recommendations on all matters affecting its operations: tasking, resources, effectiveness, morale, and welfare.

GUN CONTROL

Mr. Stephen Harper (Calgary West, Ref.): Mr. Speaker, it is my duty to present a petition signed by 25 people, mainly from the city of Calgary.

These citizens request that Parliament support laws that will severely punish all violent criminals who use weapons in the commission of a crime; support new Criminal Code firearms control provisions that recognize and protect the right of law-abiding citizens to own and use recreational firearms; and support legislation that will repeal and modify existing gun control laws, which have not improved public safety or have proven not to be cost-effective or have proven to be overly complex so as to be ineffective or unenforceable.

SEXUAL ORIENTATION

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, I wish to present four petitions today.

The first group of petitioners requests that the Government of Canada not amend the Canadian Human Rights Act to include the phrase "sexual orientation". The petitioners are concerned about including the undefined phrase "sexual orientation" in the Canadian Human Rights Act. Refusing to define this statement leaves interpretation open to the courts, a very dangerous precedent to set. Parliament has a responsibility to Canadians to ensure that legislation cannot be misinterpreted.

ABORTION

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the second petition is on the subject of abortion.

The petitioners request that Parliament reconsider amendments to the Criminal Code so as to extend protection to the unborn child.

ALCOHOL

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the third petition concerns the use of a legal defence that has become known as the drunk defence.

The petitioners believe that in committing the act of choosing to consume alcohol, the individual must accept all responsibilities for their actions while under the influence.

Routine Proceedings

PAROLE

Mr. Ed Harper (Simcoe Centre, Ref.): Mr. Speaker, the final petition I wish to present is on behalf of the constituents who wish to halt the early release from prison of Robert Paul Thompson.

The petitioners are concerned about making our streets safer for our citizens. They are opposed to the current practice of early release of violent offenders prior to serving the full extent of their sentences. The petitioners pray that our streets will be made safer for law-abiding citizens and the families of the victims of convicted murderers.

[Translation]

VOICE MAIL

Mr. Michel Bellehumeur (Berthier—Montcalm, BQ): Mr. Speaker, I am honoured to table a petition under Standing Order 36. This petition has been signed by individuals and Organizations in the riding of Berthier—Montcalm, and deals with voice mail systems installed by various departments.

Of course, the 500 or 600 individuals who signed this 33 page petition are totally opposed to voice mail, and ask that the Government step in to humanize the departments, which have a very cool attitude toward them.

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QUESTIONS ON THE ORDER PAPER

Mr. Peter Milliken (Parliamentary Secretary to the Leader of the Government in the House of Commons, Lib.): Mr Speaker, today we will answer Questions Nos. 138, 152, and 153.

[Text]

Question No. 138—Mr. Breitzkreuz (Yorkton—Melville):

How many crimes have been solved as a result of the current handgun registration system, and more specifically what number of (a) found, recovered or seized restricted weapons were traced to their registered owners, (b) registered owners of restricted weapons have been charged with a firearms related offence as a result of the restricted weapon being traced to them through the registration system, (c) restricted weapon registrations were revoked as a consequence of the registered owner being convicted of a criminal offence involving violence towards another person, (d) restricted weapon registrations have been revoked as a consequence of the attempted suicide by the registered owner or by another occupant of the household where the restricted weapon is stored, and (e) restricted weapons have been used by the registered owner or other occupant of the household in homicides, suicides, and other firearms related crimes?

Mr. Russell MacLellan (Parliamentary Secretary to Minister of Justice and Attorney General of Canada, Lib.): No national data are available for question parts (a) through (e). Although it would be very useful for policy making purposes, police have no standard form for reporting this information. To provide national statistics under the present system would be administratively impractical.

The Canadian Association of Chiefs of Police has recommended the government establish a system for the registration of all guns because it will assist criminal investigations.

A universal registration system will also support the production of new national statistics. The architects of the system are addressing the feasibility of collecting data on the extent to which the system will assist law enforcement efforts.

Question No. 152—Mr. Mayfield:

In regard to the authors' meeting sponsored by the Department of Citizenship and Immigration last January 6 and 7 in Vancouver, (a) which officials from the government were present and what were their positions, (b) provide names of the authors involved and their province of residence, (c) how much was spent on this meeting and (d) provide an itemized breakdown of how this money was spent?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): The government officials who attended the meeting in Vancouver on January 6 and 7 are as follows:

Robert Blackburn, assistant deputy minister, policy sector; Cameron Dawson, director, citizenship and integration policy division; Richard Nolan, registrar of Canadian citizenship; Sandra Souchotte, acting director, promotion and corporate identity public affairs branch; Naheed Israeli, senior policy advisor, citizenship and integration policy division.

Their level of knowledge of the dossier and their collective responsibility for the eventual advice to the government meant these were the most appropriate officials to work with the writers and to brief them on the many considerations involved in the development of a draft oath of citizenship and a strategy for a citizenship declaration.

The names of the authors and their province of residence are as follows:

Arlette Cousture, Québec; John Gray, British Columbia; Joy Kogawa, British Columbia; Simon Langlois, Québec; Susan Musgrave, Ontario; Nino Ricci, Ontario; Paul Savoie, Ontario; Alain Stanké, Québec; Wilbur Sutherland, Ontario; Rudy Wiebe, Alberta.

Seventeen thousand dollars was spent on this meeting, excluding the participation of the registrar of Canadian citizenship and the public affairs representatives, the cost for which came out of their respective operating budgets.

The following is an itemized breakdown of expenditures. Category amounts are approximate:

Air fare:	\$9,500.00
Accommodation/meals:	\$5,250.00
Facilities (room rental/supplies):	\$1,250.00
Misc. (taxis, incidentals):	\$1,000.00
Total:	\$17,000.00

*Government Orders***Question No. 153—Mr. Mayfield:**

In the wake of the authors' meeting sponsored by the Department of Citizenship and Immigration last January 6 and 7 in Vancouver, (a) have any further meetings of the sort been scheduled by, or discussed within the department, and (b) what is the size of the budget allocated by the department for these consultations on revisions to the Citizenship Act?

Hon. Sergio Marchi (Minister of Citizenship and Immigration, Lib.): No further meetings of the sort held on January 6 and 7 in Vancouver are currently scheduled. Consultations with experts are a regular part of the policy making process. Any additional meetings will be held as needed; (b), \$40,000 was allocated for consultative purposes on Citizenship Act amendments, of which \$17,000 has been spent.

[English]

INDONESIA

Mr. Peter Milliken (Kingston and the Islands, Lib.): Mr. Speaker, I am pleased to rise today to present a petition signed by numerous residents, many from Kingston, but others from other parts of Canada, in which they call upon Parliament to support an arms embargo against Indonesia. They call upon the Indonesian government to free all political prisoners and end Canadian government funding for the promotion of trade with Indonesia in light of that country's flagrant human rights abuses against the East Timorese.

[Translation]

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

The Deputy Speaker: Is that Agreed?

Some hon. members: Agreed.

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(1215)

[Translation]

LOBBYISTS REGISTRATION ACT

The House resumed consideration of the motion.

Mr. Philippe Paré (Louis-Hébert, BQ): Mr. Speaker, in closing, I pointed out that Bill C-43 reassured no one. I said that the Liberals should have a "best before" label, a bit like dairy products. They were better before they came to power, better before the elections, better before they lined up at the trough. The fine principles they defended in opposition have evaporated.

I could explain at length the many shortcomings of Bill C-43. My colleague for Berthier—Montcalm has already done so

amply. As we are short of time, I will raise two flagrant examples of this change taking place in the Liberal family.

First, the appointment of the ethics counsellor. With great pomp, as usual, the Liberals across from us announced the appointment of an ethics counsellor to advise ministers and government officials and to examine the need to amend the legislation.

These fine principles will not go far, however, if this counsellor is not given some independence from the Prime Minister and his government. Do not forget that the Prime Minister appoints the ethics counsellor, consults him when he sees fit and allows him to make public statements only when they are to his political advantage.

A true ethics counsellor would be accountable to the representatives of the people. All of the counsellor's decisions should be made public. He should have the power to launch investigations and have enforcement powers. Bill C-43 does none of the above. It merely gives the illusion that someone is ensuring that decisions are made ethically, while in reality, the role amounts to nothing.

We are giving the Prime Minister the right to appoint an ethics counsellor, to consult the latter when he feels like it and to keep the counsellor's advice secret unless he decides otherwise. They will have to think of something else if they want to restore the trust of Canadians and Quebecers in our institutions!

Scandals like the attempted privatization of the Pearson airport hit home the need for a bill on the registration of lobbyists. I will not describe in detail all of the underhanded tricks and schemes that came into play in this tainted deal. What is really important is that we remember it as a sad incident in which the government's reputation was tarnished in the eyes of the public.

As it stands, Bill C-43 could not have prevented this kind of scandal, no more than it could shed more light on the suspicious comings and goings of the current Minister of Canadian Heritage. The ethics counsellor does not have the power to set up an investigating committee to get to the bottom of it for Quebecers and Canadians.

The second shortfall of Bill C-43 on which I would like to comment concerns the categorization of lobbyists. The Bloc Québécois wants to eliminate distinctions between different types of lobbyists. When the Liberals were in the opposition, when they were "best before", they took exactly the same view as the Bloc Québécois: lobbyists are lobbyists and should be accountable for their actions. Since then, the Liberals reversed their position, probably under pressure from lobbyist friends and contributors to the party coffers.

And speaking of party coffers, when I look at the latest figures on funds raised by political parties in Canada, I can understand why the Liberals are so anxious to change their position on lobbyists. In 1993, the Liberal Party of Canada raised more than

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\$20 million in political contributions which was, needless to say, the largest amount ever collected by the Liberal Party of Canada during an election year. Last year, in 1994, the Liberals raised \$9 million, the largest amount ever collected by the Liberals outside an election year. This year, the Liberals have set their fundraising objective at \$10 million.

(1220)

During the election campaign, the Liberals claimed, and this is again from the red book: "No one should be required to pay fees in order merely to arrange meetings with ministers or senior officials". However, just to give a few recent examples, last Wednesday in Montreal, the Prime Minister met 1,800 people who had each donated \$400 to the Liberal Party.

Last month, the Minister of Finance invited members of the business community to a private reception at \$1,500 a head, to talk about his budget, and so forth. Are we to understand that the Liberal government's message is: For access to decision makers, instead of investing in lobbies, contribute to the party coffers of the Liberal Party of Canada for a better return on your investment. It seems to be the message an increasing number of Canadians and Quebecers are hearing.

Bill C-43 does nothing to remove this impression. The Bloc Quebecois tried to give this bill some teeth by proposing at least 60 amendments. The Liberals were adamant and rejected all proposals that would have made this a bill with teeth. The obvious conclusion is that for Quebecers, their only hope for more democratic and more transparent institutions lies in sovereignty. Through its bill on political party financing, Quebec has made an important contribution to the resolution of this important ethical matter.

Mr. André Caron (Jonquière, BQ): Mr. Speaker, it is with pleasure that I rise to participate in the debate at third reading on Bill C-43, an act to amend the Lobbyists Registration Act. I say with pleasure but also with a certain weariness, because the first speeches I delivered in this House more than a year ago dealt with the privatization of Pearson airport by the previous government. In that speech, I denounced the dubious transactions involving people close to both Tory and Liberal political circles.

Bloc members who spoke up at the time called for the supervision, clarification and regulation of lobbyists' activities in Canada. Reading the bill now before us, I realize that the main demands made by Bloc speakers, the main conditions we wanted to set in order to shed light, once and for all, on lobbyists' activities in Canada, have not been met.

Although we may deplore the fact that lobbying activities take place in a government such as the Canadian government, it must be recognized that, given the financial implications—for example, the federal government signs close to 90,000 contracts every year—, some people may try to influence the government and meet lawmakers and senior officials with decision-making powers to ensure that regulations, programs and even bills are in their best interests.

Although we understand this situation, we are surprised that this government does not understand the need to monitor the risks of influence and mismanagement so that citizens are fully aware that things are being done properly. The bill before us nonetheless contains a number of improvements. Certain members of the Liberal government now in power had denounced really unfortunate and unacceptable situations when they were in opposition and promised, notably in their red book, drastic measures to regulate the activities of lobbyists.

(1225)

Going over this bill, one realizes that, while some improvements have been made, major amendments would have been required at committee stage to increase its efficiency in terms of its purposes and to bring it at least slightly more in line with the goals the Liberal Party had set for itself when in opposition as well as with its promises to sort things out once in power.

Many of my colleagues have already spoken on this bill, therefore I will only list a number of flaws or points that should have been corrected in order to allow us, members of the official opposition, to vote for this bill. Since these flaws were not corrected in the legislative process, it will not come as a surprise to anyone to hear me say that, like all Bloc members I think, I will be voting against this bill.

One of the main flaws of this legislation has to do with the whole ethics counsellor issue. At present, no one seems to have the authority to provide advice or guidance to politicians and government employees on certain procedures or actions which may be confusing.

The bill provides for an ethics counsellor to be appointed by the Prime Minister. I have no doubt that the Prime Minister will choose an honest and reputable person who will be able to provide enlightened advice. However, this person will have no power and, being appointed by the Prime Minister, neither will he or she have any credibility. The House of Commons, or Parliament, should appoint the ethics counsellor, so as to give that person the prestige, the authority and the protection necessary for someone who will have to provide opinions on actions, representations or projects which often involve enormous expenses for certain people.

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We deplore the fact that, while the ethics counsellor will undoubtedly mean well, this person will be subject to the Prime Minister's will in terms of his appointment, and it is the Prime Minister who will govern to a great extent how the ethics counsellor executes his or her mandate.

When we reviewed the transactions surrounding the privatization of Pearson airport, we also asked that there be only one category of lobbyists. As you know, lobbying activities are conducted by various firms, groups and organizations. If someone wants to influence the government or have his or her views expressed to MPs or to some senior public officials, that person can go to a specialized agency which will do what is necessary to convey his or her views to those concerned.

However, there are also other people who lobby while working for various organizations, such as business associations, unions, and all sorts of other groups which hire permanent staff to do so. Some of these permanent employees may be involved in communications or governmental relations and make representations as lobbyists, even though they are not treated in the same way as those who belong to lobbying groups specifically involved in governmental relations. We suggested, in parliamentary committee, that there should only be one category of lobbyists, so that all those involved in the same kind of representations and have the same responsibilities, would also have the same obligations. However, the legislation provides for two categories of lobbyists.

Several other suggestions were also made. We had asked that the fees paid to companies, agencies or individuals for lobbying services be disclosed. They will not be. Lobbyists objected to that. Lobbying experts have told us that this was not possible, that it was not under federal jurisdiction, that there would be problems related to competition and non-disclosure of activities, and that it was not necessary in any case.

(1230)

I feel it is important that Parliament and the Canadian public be aware of the amount of money involved. Whether a company hands out \$2 million or just \$20,000 to a government relations agency does make a difference. When huge sums are involved, people who have to watch over lobbying activities would be on the alert.

We would also have liked some clarification on the political ties of lobbyists. The media have pointed out that many former very influential politicians, political staff members and people close to decision makers easily make the transition to a new career in lobbying.

It would have been important to have some kind of registration scheme for lobbyists so that we could determine who did what, what they did subsequently, and whether they hold positions, paid or unpaid, in political organizations. If the president

of a Liberal association is active in lobbying, I think the people should know.

I had more points to make to demonstrate that the bill before us is flawed. But my time is running out, and I can only express my disappointment at the lobbying problem we now have in Canada and the unwillingness of the government to keep the promises it made in the last campaign, as set out in the red book. The only legacy of that red book will be the shame of unkept promises.

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, it is a pleasure for me to speak on Bill C-43, an act to amend the Lobbyists Registration Act and to make related amendments to other Acts, that my colleagues have already commented on extensively. I remind the House of the detailed analysis made by the member for Berthier—Montcalm. He explained the many reasons why the Bloc Québécois would not support the bill.

Without getting into details, I will sum up the eight major flaws of this bill, as mentioned by my colleague. They concern the types of lobbyists, the requirement to disclose contracts, lobbyists' fees, the contacting of ministers and senior officials, the lobbyists' political ties, coalitions, contingency fees and, finally, the whole issue of the ethics counsellor. In fact, the Bloc Québécois tabled 60 amendments, as my colleagues have already pointed out. They were all negated.

The major flaw of this bill, the basic problem, is the fact that the ethics counsellor reports only to the Prime Minister. All those things that could enlighten the public will only enlighten the Prime Minister's office.

Again, as I had mentioned in the case of Pearson airport, it is like having a fox guarding the hen house. We all recall the bill to cancel the privatization of Pearson airport. It contained a clause allowing those claiming to have lost future profits to negotiate arrangements in a private meeting with the minister. That also was like asking the fox to guard the hen house.

This analysis of the bill, which was made by my colleagues much better than I could do it now, shows that the government has chosen to use smoke screen tactics in its bills. It says it will take certain actions, but the resulting bills show no sign of openness and everything will be decided by the Prime Minister's inner circle.

(1235)

These smoke screen tactics have also been used for events that have occurred over the past 10 or 15 days, in this House, regarding two major problems surrounding Power DirecTv and Seagram.

For the benefit of our viewers, I will briefly outline the case of Power DirecTv. Last August, only two weeks after the CRTC announced its decision exempting Canadian satellite broadcasting companies from licencing requirements, the Liberal gov-

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ernment announced that it intended to review policies concerning direct broadcasting. A first, Mr. Speaker.

On November 29, 1994, the government decided to create a three member task force to review the CRTC decision, which ran contrary to the interests of Power DirecTv and prevented the company from going ahead with its plans; as we know, it wanted to broadcast from an American satellite, which the CRTC found unacceptable.

The task force received briefs from several groups, including Power DirecTv. On April 6, it submitted a detailed report tailor made for Power DirecTv, which is partly owned, as we know, by Power Corporation and Hughes Aircraft of Canada.

On April 26, the government adopted the report's recommendations, verbatim, and tabled two orders, telling Expressvu, a Canadian company, that it must now apply to the CRTC for a licence, thus delaying its going into operation, which was planned for September 1995. And yet, this company had simply abided by the CRTC decision. After that, the CRTC announced that the government could be liable to prosecution. Expressvu believes it has a vested right and I think that it is legally defensible.

And who is the head of Power DirecTv? André Desmarais, son-in-law of the Prime Minister and son of Paul Desmarais, CEO of Power Corporation.

This happened in the House, right here, and it was raised repeatedly during question period.

There was also the Seagram case which is just as obvious. The Minister of Canadian Heritage went incognito to Los Angeles, with two members of his staff, supposedly to meet major players in the U.S. film industry. He got there on the very day the deal to sell MCA to Seagram was signed. Seagram is a Bronfman company, and it just so happens that Paul Desmarais, the father-in-law of the Prime Minister's daughter, is a member of the board.

They say the minister was in the Bronfman suite while the deal was being signed. He denies he was aware of that transaction, which must be reviewed by the Minister of Industry. This review is necessary, it seems, in order to determine whether Seagram is a Canadian or an American company. If it is Canadian, there is no problem, and the investments are exempt from any further investigation. If it is American, Canada will protect its cultural market and will have to review several aspects of the transaction, particularly the buy-back of Canadian subsidiaries. And at that point, the minister, who just happened to be there, will have something to say on the issue.

The Minister of Canadian Heritage will have to be consulted, and there appears to be a conflict of interests.

Of course, the newspapers played the whole thing up and English Canadian newspapers wrote at length about the events surrounding that problem. I had brought here, to read it in the House, a one page article written in English that traces all the family and political ties, the people the Liberals are working for. And, at the heart of all this, we find Power Corporation in both cases.

And all the Prime Minister could say in response to the many questions, both from the Bloc and the Reform Party, is that he certainly had the right to find a good match for his daughter. We agree. But in fact, what we are finding through all this is that the government of Canada, in its agreement, has now become a branch of Power Corporation. So, it is using smoke screen tactics to explain what is actually going on in the House.

It also uses smoke screen tactics in its statements both in the House and outside of the House. For instance, when the Minister of Finance tells us in committee, with a lump in his throat, that we must absolutely tighten our belts, of course, he will tighten the belts of the poor, he will make cuts to unemployment insurance and social welfare, he will raise all the costs relating to post-secondary education, he will probably go after old age pensions, but the finance minister's ships are still sailing under a foreign flag. And then it dawns on us that those who are asking us to tighten our belts always wear suspenders.

(1240)

The Prime Minister also makes statements in the House and outside of the House. For example, the Liberals said there were problems in Canada because of people who guzzled beer in front of their television set. But oddly enough, and these are smoke screen tactics again, they never talk about champagne drinkers slumped over in hotel lobbies, those who take advantage of tax havens to avoid paying taxes, about family trusts which they do not want to touch, or ever so slightly, if they have to.

They never talk about the hon. Peter Trudeau, who is getting a \$1 million tax credit for the papers he is handing back to the government. That is welfare for the rich, Mr. Speaker. Brian Mulroney did the same thing; that too is welfare for the rich.

They hardly ever talk about Paul Tellier, the chairman of CN, who is getting a huge salary, who is having his mortgage paid off by CN at the taxpayers' expense, and who is laying everybody off.

They did talk a little about the \$250,000 for new furniture spent by the Minister of Fisheries and Oceans, while cuts are being made everywhere else. The only answer we got from his department is that furniture is expensive. I was a carpenter and cabinet maker before becoming a member of Parliament, and I can tell you that for \$250,000, you can get some really nice furniture.

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More smoke screen tactics, when the Prime Minister himself tells us that everything is going wrong in Canada because of Quebec. I do not know how many times I have heard him say that since he has been in politics. He started that as soon as he became a politician, even before he was given a portfolio.

Yet, we realize—I have said it before, but this is worth repeating—that is was in a period of political stability, in the years following the rejection of sovereignty by the people of Quebec in 1980, that Canada experienced interest rates over 20 per cent. So that is exactly the opposite of what the Prime Minister said.

It was in 1986, also, that the Canadian dollar tumbled to 69 cents. I remind you that at that time, the Mulroney and Bourassa governments were in office. That was before Meech and Charlottetown, the Bloc Québécois did not even exist, and the Parti Québécois was completely out of the picture. Therefore, there is no relationship between the disastrous state of Canada's finances and the political situation in Quebec. Once again, smoke screen tactics.

You will recall another masterminded statement, the one made by the Royal Bank just before Charlottetown, where they said that if Quebecers and Canadians rejected the Charlottetown agreement, it would mean the end of the world. We said no to Charlottetown and the world did not end, but of course this was all orchestrated to scare people. This was also a case of smoke screen tactics.

Let me give you another example of these tactics. The Prime Minister said that Quebec, through its premier, is showing contempt for democracy. I think we should review a bit of our history. Who was responsible for the patriation of the Constitution in 1982? The current Prime Minister. Who was involved in the implementation of the War Measures Act in Quebec? The current Prime Minister. I like to remind people that these measures were taken to scare Quebecers.

I will not say anything more on this issue, except that we also remember the smoke screen tactics used in 1980 when some politicians told us they were betting their seats that there would be some changes. There never were any changes and now, in 1995, our political situation has not changed at all. At the time, they tried to scare us by saying that if we voted yes to sovereignty, we would be crippled with debts, taxes and unemployment.

We said yes to Canada because we wanted to be team players, and what did that get us? Debts, taxes and unemployment. The debt has gone from \$90 billion to \$550 billion. Unemployment is constantly on the rise. We now have 808,000 people on welfare in Quebec. All this happened within Canada.

We were told it would take us 15 years to get back on our feet. That was in 1980, and now, 15 years later, we are in it up to our necks, and things will only get worse. The *Wall Street Journal*

raised openly the very real possibility that Canada would go bankrupt. All this is part of a smoke screen strategy.

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I rise today to speak for the second time to Bill-43, which amends the Lobbyists Registration Act.

The first time was when the bill was at second reading and we discussed amendments hoping that we would be able to force the government to take more seriously the promises it made in the red book and also to stand by the positions it took when many of its members were in the opposition and discussed a situation identical to the one in which we find ourselves today.

(1245)

Unfortunately, like the majority of my colleagues, I feel that I am wasting my breath. However, we are not asking the Liberal Party for anything very special. We are not asking it to attain the goals of the Bloc or the Reform Party. We are only asking it to keep the promises it made in the red book. The promise to tighten controls on lobbyists' activities and make the legislative process or the awarding of government contracts more transparent was one that should have been easy to keep. This time, the government cannot use the usual excuse that the till is empty to avoid doing what it promised to do. This promise costs nothing. The government had the power to tighten up the rules and to issue new standards of conduct. It had the unanimous support of the opposition to act but did nothing.

Where are the Liberals who clamoured against the carelessness of the Conservatives? Where are the Liberal Party hardliners? Where are the transparent and honest Liberals? They have vanished and unfortunately their words have also vanished without a trace.

Liberals have changed the meaning of the word promise. A promise is a firm commitment to do what you said you would, but for the Liberals, a promise is something you talk about but never do anything about or which you achieve in an incomplete or uncertain way. Indeed, it is becoming more and more obvious that, for the Liberal Party, there are two kinds of promises: the promise made to the people and which deals with public interest. That kind of promise is achieved only when all favourable circumstances are present but you can always find good reasons to postpone them and bring them back at election time. The second kind are the promises made to friends of the government, those who finance the slush fund. Those promises are often tied to private interests and can take the shape of bills or orders in council for the benefit of a few individuals or companies, or expensive contracts which are often overvalued and given without a real call for tenders.

In the case of Bill C-43, there were once more conflicting interests. On one side, the general public and all the people who elected the Liberal Party, that is a few million people, and on the other side, a few hundred lobbyists and the thousand or so big companies which employ them. By not keeping its red book

promises and by watering down and thus weakening this bill, the Liberal government has shown its contempt for the public interest.

The clear message that this government is sending to the backers of the Liberal Party, to former organizers and dignitaries of the party and to the friends, relatives as well as former and future associates of government members is this: everything is allowed, but would you please be very discreet. That will certainly not help restore public confidence in politicians.

The message from the government should have been that lobbyists, like any other professionals, must follow certain rules and be more transparent in their work, as promised on pages 94 and 95 of the Liberal red book. This bill is not all bad, but it does not go far enough in terms of supervising and regulating the work of lobbyists. I am not implying in any way that lobbyists are in the business of corrupting. The great majority of them do their job in a most honourable fashion. This bill should be aimed at preventing abuse and influence-peddling, not at preventing individuals and companies from dealing legitimately with the government.

In this regard, Simon Reisman, chairman of Ranger Oil Limited and star witness for the liberal government, expressed the opinion, at the hearings on the bill, that the practice of contingency fees, which will not be precluded by Bill C-43, "encourages the wrong kind of people into the business and—contingency fees perpetuate the perception of cronyism and back-door access to government insiders".

(1250)

In another vein, I would like to remind members that in the red book, the Prime Minister committed himself to: "regulate the activities of lobbyists by appointing an Ethics Counsellor". The Bloc, like all Canadians, expected the appointment of someone who is beyond reproach who would go after people engaged in murky business. In reality, the ethics counsellor has only limited powers in spite of all the goodwill this person brings to the task. The code of conduct that the counsellor produced does not have the force of a statutory regulation, but is just so many empty words.

The ethics counsellor is not accountable before the House of Commons. The counsellor is chosen by the prime minister and is accountable to him alone. All investigations are conducted in private. Moreover, it has become clear that the prime minister does not always deem it necessary to consult his counsellor or that he consults him only after the decisions have been made or after the fact. Such a manner of proceeding is not calculated to raise public confidence in our political institutions. What we needed was a counsellor appointed by the House of Commons, having real powers and accountable to the House.

A code of conduct having the force of a set of regulations would have been appropriate, as would more stringent disclosure rules for lobbyists.

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[English]

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

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Pursuant to Standing Order 45(6), a recorded division on the proposed motion stands deferred until Monday, May 8 at the ordinary hour of daily adjournment.

* * *

INCOME TAX ACT

The House resumed from April 25, 1995, consideration of the motion that Bill C-70, an act to amend the Income Tax Act, the income tax application rules and related acts, be read the second time and referred to a committee.

Mr. Jim Silye (Calgary Centre, Ref.): Mr. Speaker, in chapter one of the Liberal red ink book it clearly states: "Fairness, simplicity and harmonization should be key objectives of tax policies". Unfortunately, after a year in Ottawa this promise of fairness and simplicity is nothing more than empty campaign rhetoric.

Bill C-70 is yet another in a series of omnibus bills introduced by the Liberal Party which further complicates, convolutes and confuses the income tax system in Canada.

Most Canadians who pay income tax are unable to file their tax returns without the assistance of an accountant or tax lawyer. How has this happened? To give an idea, let me take members on a journey through Liberal income tax amendment bills which were introduced in the first year of the government's mandate.

Bill C-9, an act to amend the Income Tax Act, was first read on February 4, 1994 and consisted of 70 pages. Bill C-15, an act to revise certain income tax law amendments in terms of the revised Income Tax Act and the income tax application rules, was first read on February 23, 1994 and consisted of 670 pages. Bill C-32, an act to amend the Excise Tax Act, the Excise Act and the Income Tax Act, was first read on May 27, 1994 and

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consisted of 62 pages. Bill C-27, an act to amend the Income Tax Act, the income tax application rules, the Canada pension plan, the Canada Business Corporations Act, the Excise Tax Act, the Unemployment Insurance Act and certain related acts, was first read on May 5, 1994 and consisted of 176 pages. Bill C-59, an act to amend the Income Tax Act and the income tax application rules, was first read on November 24, 1994 and consisted of 110 pages.

(1255)

Finally, we have the bill before us today, Bill C-70, an act to amend the Income Tax Act, the income tax application rules and Related acts, which was first read on February 16 and consists of 200 pages.

The total is 1,288 pages of new amendments to the Income Tax Act.

The Reform Party believes the time has come for us to question every aspect of our system of taxation. The urgent pressures of a spiralling debt and the ever growing complexity of an out of control Income Tax Act forced us to look seriously at fundamental reform of the tax system.

A flat rated system of income tax is an important example of such a reform. The idea has been the subject of much discussion in both Canada and the United States. It is relevant and has a great deal of merit.

There have been a number of flat tax models outlined in past years. When debating Bill C-70, the hon. member for Broadview—Greenwood outlined his single tax proposal. Now I will outline ours; note the difference. His model is his model, not the Liberal model, whereas ours is a party model, not my model. The primary areas of variation between the two centre around the definition of taxable income and the application of tax rates.

Canadians are among the highest taxed citizens in the industrialized world with about 45 per cent of a family's income going to government taxes. Our deficits and debts are so high that they are squeezing money out of program spending and we are transferring it over to interest payments instead.

Increasing revenues by adding to the heavy tax burden already carried on the shoulders of Canadian citizens and businesses alike is not the solution. Raising individual taxes would increase hardships for many families.

Leaving more money in the hands of the people who earn it makes it possible for more people to provide themselves with the basic necessities of life. Forcing people to send more taxes

to Ottawa and returning it to them through social assistance is a waste of time, effort and money.

Continued increases in taxation rates encourage governments to keep spending at current levels and avoid the difficult problems of dealing with the kinds of significant spending cuts that are needed.

The first stage of tax reform should be a commitment on the part of the federal government to produce balanced budgets. This could be done through a Canadian taxpayers protection act that requires deficit control and reduction by eliminating expenditures according to deficit targets, inflation, and population growth.

This legislation would not be designed to say how money is to be spent but rather to regulate how much can be spent. Its purpose would be to protect the Canadian taxpayer from being dragged into the kinds of serious debt situation we have now by irresponsible governments.

The second stage of tax reform should be a commitment to the reform of the Income Tax Act. Our overall tax burden is the second highest in the G-7 countries in recent years. High taxes stifle economic growth in every sector of society. They decrease the productivity of the private sector, leading to more unemployment. They tempt governments to keep spending at current levels instead of coming to grips with the real problems.

As I demonstrated earlier, the current system of amending the Income Tax Act is ridiculous. The Income Tax Act is already 2,091 pages. Now in this past year we have added another 1,288 pages. It is a struggle to administer, a puzzle to interpret, a nightmare for the majority of Canadians who have the courage to try to do their own tax returns. A complete overhaul of the system is required.

Furthermore, in view of our current economic dilemma, tax reform must also mean tax relief. However, we cannot give tax relief until we come to realize that we must look at spending and what levels of government should be spending money where.

The following outline for a proportional flat tax is a serious proposal that would go a long way toward solving some of our economic problems, an attempt to bring our system of taxation into the 21st century. The system must be simple, visible and fair: Simple so that everybody understands it; visible with no hidden taxes; and fair to both individuals and corporations with no loopholes, no exceptions.

As it stands, the incentives should be to reward production and leave more dollars in the hands of taxpayers and wage earners than in the pockets of government, thereby reducing the need for many governmental assistance programs. In other

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words, the cost of government assistance would decrease because fewer people would need it.

As it stands now, Canada's Income Tax Act is based on three graduated rates of taxation and an extensive network of exemptions, deductions, reductions, deterrents and incentives.

(1300)

The proportional flat tax proposal incorporates a flat tax and establishes a single rate for everyone, both individuals and corporations, with no loopholes. With a proportional element, the basic flat tax model is improved further by proportioning an individual's tax liability according to income, family size and therefore the ability to pay.

A basic level of income is tax free for all wage earners. Individuals and corporations would pay the same rate on income with a minimum of exemptions and deductions. Taxes would be used exclusively for the purposes of raising revenues to fund approved government programs, not as an instrument of economic, industrial or social policy.

The rate of taxation would therefore be determined solely on the basis of how much the government needs to provide the services that Canadians want. The rate may be in the range of 20 to 25 per cent.

The key principle of our flat tax model is that a buck is a buck. Income is defined as productive income from employment, business and investments including interest income, capital gains, pensions and dividends. Some of the areas under the definition may be debatable, whether they should be treated that way, but that is for the Canadian public to decide.

All personal income generated in any form would be taxed with no special treatment for various forms of income. The only capital gain that would not be taxed would be the one primary personal residence because this could represent a lifetime of effort over years of inflation.

The fundamental approach to corporate income would be to ensure that income is only taxed once. Depreciation is eliminated and purchases are 100 per cent deductible in the year of purchase, even if it creates a loss.

There would be one personal exemption per individual, perhaps \$12,000. Lower income individuals would therefore be basically exempted from paying tax and families are granted a generous deduction.

Deductions are at levels the middle class can afford. This will result in more tax being paid by the wealthy than is now the case and leaves more disposable income in the hands of taxpayers.

A child care deduction will leave money in the hands of families to use to care for their children as they wish, whether it

is at home or in day care centres. This deduction could be in the area of \$5,000 for children up to age 7 and \$3,000 for each child between the ages of 8 and 14.

Spousal deductions are also included, perhaps up to \$6,000. A charitable deduction would be included, perhaps up to 5 per cent. The amount of RRSPs would be reduced to \$6,000 annually so that higher income earners do not gain an unfair advantage and provisions would include a deduction of about \$2,000 for seniors.

For businesses, we could look at what they could deduct as cost of operations or goods, services and materials, wages and benefits, interest payments and pension contributions plus dividends paid out. This is the big difference. Dividends paid out to individuals for investing in that company would be deductible to the corporation and taxable in the hands of the recipient which would end the current problem of double taxation on dividends.

GST or other forms of federal sales tax would not continue. Sales tax would be left to provincial governments to raise money for their own needs. This is one of the advantages of tax reform, looking at various levels of government and raising the money that they need at their level that could be shared.

The federal government does not have to grab all, end all and waste all. The initial objective would be to establish a tax rate that is revenue neutral to begin and is redistributed equally between individuals and corporations.

From that starting point, as we eliminate the waste in government spending, as we determine which levels of government should be responsible for which programs, as we privatize crown corporations and government gets out of the business of being in business, this rate would go down and down and down.

I acknowledge we must start at a revenue neutral base and let that work through the system over a three-year period. Some of the advantages of this system would be an even distribution of the tax load by eliminating exemptions and reductions, a lower tax rate over the current three tier graduated system, more disposable income, a broader base spread out over corporations and individuals more equally.

It might increase government revenue because corporations and higher income individuals would pay tax on everything with no exemptions, no tax shelters, thereby restoring tax expenditure costs to the government.

More government revenue could be generated because perhaps the underground economy would start to disappear. Some economists say it presently ranges from a low of \$15 billion to a high of \$100 billion. Nobody knows what level the transactions take on there. If we had a system of taxation where people were more willing to pay their taxes, the underground economy would

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disappear and taxes would then flow into government coffers at all levels.

The fourth advantage would be equity in the system. The Liberal red book dangles that idea but it does not deliver. People with the same level of income would pay relatively the same amount of tax.

(1305)

Another major benefit of a proportional flat tax system would be simplified tax forms. Everybody could fill out his or her own income tax form at taxation time. As politicians and parliamentarians, is that not what we are here for, to try and improve the system, try to make laws easier for people to understand and for governments to administer?

Where is the tax fairness and simplicity that the Liberals promised in their red ink book? We have bills like C-70, C-9, C-50, C-27, C-32, C-59. Next week the government is going to introduce another excise tax amendment to the Income Tax Act. All these bills put together add up to thousands and thousands of pages. The government has fallen into the same trap as previous governments. It has made the same mistake.

In the name of simplicity and fairness it continues to make the system more complicated and more inequitable. It says that by passing all these bills, it improves the system and makes it more fair and more understandable. Give me a break. Who could read all this in six months or less and understand it?

To members of the Liberal caucus here is an opportunity to stop the madness, to end the bureaucratic nightmare known as the income tax system and start moving the country toward a simple, visible, flat rate taxation system. Show some leadership. Follow the member for Broadview—Greenwood. Follow his advice. Follow our vision of a simple, visible flat taxation system. Show Canadians that omnibus bills like Bill C-70 will no longer be necessary.

The Liberals can only spin the public for so long. They can only use sophistry so long in the budgets they present every year. They can only use sophistry so long in presenting all their wonderful amendments and changes to bills before the Canadian public will realize that their clever use of words has a false and misleading conclusion and will not be accepted at election time.

Canadians will realize that if the Liberals do not do anything about it, that it is business as usual at plant Ottawa, they could be booted out just as fast as the Tories were. When the public does boot them out, the Reform Party will be waiting in the wings with a bill called Bill C-1 or C-2 or C-3. It will be a bill with a very high priority. It will be entitled an act to repeal the Income Tax Act and institute in an orderly fashion a proportional flat tax system in Canada over a three-year period.

A flat tax has further advantages in that visually it makes you feel good. I have with me a personal income tax return under the proportional flat tax system. It has three categories for gross income. It has seven elements of deductions which I defined in my speech. When the total deductions are added up and subtracted from total income, the tax is paid at whatever percentage we need initially to be revenue neutral.

As we improve government and eliminate waste in spending, we can continue to lower the rate to really give tax relief to the Canadian public. We can show them the more they look after themselves, and this gives them that opportunity because more money will be left in their pockets, then the better the system will be for everybody.

The corporate income tax return is also a simple one-page document that scares tax lawyers and tax accountants. They should not be scared. In this system rather than working for corporations that are in receivership and trying to determine whether it is 10 cents, 20 cents or 50 cents on the dollar and wasting fruitless hours trying to do personal income tax forms for \$50 or \$100, these people will be advising the public and corporations where to invest, where the best rate of return will be. They will be helping them build profitable companies.

I acknowledge that some tax lawyers and tax accountants will have to get out of the profession. Perhaps they will become entrepreneurs. Perhaps they will be contributors to the income stream rather than being on the receiving end of the expense stream. They do good work and they are necessary now. However it would open the field for a lot more opportunities. I do not think these people need to worry.

(1310)

On this tax form under income we have everything the corporation makes. There are five deductions. Any losses are carried forward, for a total of six items of deductions for corporations. Subtract those deductions from income and send in the tax at the same rate as individuals.

This principle of fairness would make every Canadian and all corporations happy. Corporations would be proud of no longer being accused of manipulating the system, of not paying their fair share. We hear all the time that corporations do not pay their fair share of taxes. We hear all the time that the wealthy do not pay their share of taxes.

Under this system individuals would have a certain level of tax free income. A married couple with two children would have the basic \$12,000 deduction, \$6,000 for a spouse is \$18,000, and \$5,000 each for two children under seven equals \$28,000 of income that would not be taxed.

Currently somebody making \$12,000 has to send in \$1,200. They then have to line up for some kind of subsidy program for education, job retraining, unemployment and welfare. By the time that \$1,200 comes back to that individual it has shrunk to

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about \$400. That is what gets used up sending it to Ottawa and then sending it back to the people in the field who need it.

Let us stop this nonsense. It is one of the best ways we have to reduce the pressure and save social programs. Leave the money in the hands of the people who need it for their own subsistence, for food, shelter and clothing. We are supposed to be here to find solutions and that is a very concrete solution.

Without the loopholes, exemptions and deductions that the wealthy use now to manipulate the system and receive tax breaks, they will pay their share on all income. This will enable wealthy people not to worry about whether or not they are paying their share. I already know for a fact that 50 per cent of the tax revenues generated in this country on an individual basis come from 10 per cent or less of Canada's taxpaying population. The wealthy are paying their share. Now the Liberal government is saying the corporations are not paying their share. The corporations under this system would pay their share.

As we discuss the simple, visible, flat system of taxation perhaps the debate could lead to a system where corporations would only pay 5 per cent, allowing them to hire more people, to reinvest their profits.

Why would I invest in a company and how would I get my money back? I am using 80 cent dollars. I make an investment and it is not deductible. However, I have invested in an area where I feel and see that the economy is going to grow. It is not driven by the government. It is driven by speculators, risk takers and investors.

The company may be making a profit digging out gold or they have a manufacturing company and make bicycles better than the other bicycle. If I invest in that company and it makes profit it will pay me out of the profits. It gets to deduct those dividends and I pay tax on them. It is an equitable and fair system.

The government will no longer be able to accuse one sector of the economy of abusing the system. The flat tax cleans up the entire system of taxation and reallocates the purpose of government, what the government should be doing, whether it is regulation or social programs. It raises the money required to do it and delivers it.

I believe a flat tax system is going to become a reality in the United States. Therefore, why delay in making the proportional flat tax a reality in Canada? Let us start today.

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, the member spent quite a bit of time talking about the flat tax approach. In my experience as a chartered accountant, if it sounds too good to be true, it probably is.

The member's approach and what he has been proposing to the House time and time again is overly simplistic and unfair. He seems to think that if one takes a tax return and shrinks it down to one piece of paper that somehow helps the situation. The method of reporting is only bookkeeping and paperwork. It does not impact the amount of taxes collected.

(1315)

The member will know that if Canadians have medical expenses they have to provide an itemization of the expenses for deductibility. If they have charitable donations, and many Canadians have a lot of charitable donations, they have to be itemized. Nowhere on his proposed form is their room for detailing eligible expenses.

The member will know that unincorporated businesses with sole proprietors must have a set of books and must report the detail from those books as to various sources of revenue and legitimate deductions against business income on their personal tax return.

Similarly rental properties, which many Canadians have as investments for the future, must also have a set of books and must report in some detail so that revenue is properly accounted for and eligible rental property expenses are claimed.

I heard a contradiction in the member's speech. In the first part he insinuated that the rich were not paying their fair share. In the conclusion of his statement he argued that the wealthy and the rich were paying their fair share.

The member is quite right in the latter case. The top 10 per cent of taxpayers in Canada make \$50,000 a year or more. They pay 37 per cent of all taxes in Canada. What is more important is that they also pay 42 per cent of all charitable donations. If the tax burden on Canadians who are fortunate enough to earn higher incomes is increased, the first thing to suffer will be their level of contributions to charitable donations, which will definitely hurt all Canadians.

The flat tax notion has to be dealt with here and now. If the member thinks that the U.S. has the answers to all Canadian problems, he is absolutely wrong. Let us give one very important example considering that last night in the House the member stood and said that members of Parliament should be paid a salary of \$12,000 a month or \$144,000 a year, an \$80,000 salary increase. He is saying in the House that they will make things better. That is not the way to do it.

Under his flat tax system a member of Parliament who makes \$64,400 a year pays income tax at 37 per cent on his average marginal rate. That equates to some \$24,000 a year. Under his system of a flat tax with no deductions of 30 per cent, a member of Parliament would only pay \$18,000 of taxes or a reduction in taxes of \$6,000.

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Persons making \$25,000 a year pay \$6,000 today. Under his system they would pay \$7,500 a year, a \$1,500 increase to a low income Canadian. Could the member explain why his flat tax actually hurts poor Canadians?

Mr. Silye: Mr. Speaker, it is obvious the member does not believe in a single flat tax. I appreciate the difficulty the hon. member for Broadview—Greenwood has in his caucus.

Let me clear up the comment I made last night. The hon. member is an accountant. He knows that MPs currently make \$64,000, have a \$6,000 tax free travel allowance and a \$22,000 living allowance. Those are taxable. Let him dispute right now that we are getting the equivalent of \$10,000 a month. He can take that number, put it in his little calculator and figure it all out.

I am suggesting that we get rid of different levels of remuneration for MPs and quit using a low salary of \$64,000 as an excuse for a gold plated, three tiered, extravagant, double standard pension plan. That is what the government is trying to justify to Canadian taxpayers. It is not legitimate.

What I suggested last night was in context. The gentleman likes to interrupt speeches, take things out of context, do a little twist, stick the knife in and do a little turn. I am trying to offer a balanced approach to and a balanced solution for MPs' compensation, a salary level where MPs look after their own pensions. They can contribute 5 per cent matched one to one by the government, not three and a half times one as the government is doing now.

Getting back to the specifics of the proportional flat tax or a flat tax, in the current system the tax form is one-quarter inch thick. In our flat tax system it will be one page. There is one line for charitable donations. Whether it is 5 per cent of gross income, 17 per cent of net income or whatever, it can be debated. When a person has a lot of donations and deductions the backup to this one page might be one inch thick.

(1320)

Perhaps that accountant can get it through his head that I am not talking about everything on one page. There are receipts. It is justified. It is all sent in. That is all people have to worry about to figure out their income tax. He is out of the accounting profession because he is now a politician. He is a wannabe millionaire.

The other point he talked about was the supposed contradiction about the wealthy. The top 10 per cent is not earning \$50,000 or over. He does not have his numbers straight. The top 10 per cent is earning \$80,000 and over. They are the ones who contribute.

Is that the right number? What is the number? Help me.

Mr. Grubel: The number is \$52,000 and they contribute 50 per cent.

Mr. Silye: I want to get this right because the gentleman likes the facts. He likes to be specific and I do not want to make comments out of context as the member does. I like to keep things in context. When I make a mistake and I am wrong, I admit it. I do not go on pretending I have all the answers like some members of the government.

I have vented my frustration with the member eloquently enough.

Mr. Francis G. LeBlanc (Cape Breton Highlands—Canso, Lib.): Mr. Speaker, I appreciate the opportunity to participate in debate on the legislation.

Bill C-70, an act to amend the Income Tax Act, seeks to implement a number of measures introduced in the 1994 budget, along with certain measures announced by the government at other times over the last year.

In asking for the support of colleagues in the House I would be remiss if I did not remind them of the context of the legislation.

The fiscal challenge facing the country has been a topic of considerable debate both in the House and across the country. Few dispute the scope of the challenge. Few dispute the difficult choices that must be made. Few dispute that we must act decisively. Few dispute that fairness and effectiveness must be essential guiding principles of any and all steps taken to overcome our deficit challenge. These principles have guided the government as it has worked to restrain spending. They guided the minister in crafting the budget presented in February.

For the moment and for the discussion of the legislation let me take hon. members back to the budget last year. Spending cuts alone could not deliver the deficit reductions set out at that time. Spending constraint had to be complemented with some measures on the tax side. Doing so was simply a question of fairness. Our vision of fairness guided us as we looked at the tax system addressing unsustainable tax preferences instead of imposing general tax hikes on Canadian taxpayers.

In looking at the corporate tax regime we sought to ensure that corporations paid their fair share of the tax revenues needed to fund government programs and to prevent certain businesses or sectors from taking undue advantage of certain tax provisions.

With this in mind, the budget last year proposed a number of measures for the rules governing the taxation of business income. Let me stress that our goal was not to penalize the business sector or to impede the competitiveness of Canadian corporations. We believe it is essential to maintain a compe-

titive tax system in today's global economy. We cannot disregard the role of business in creating and sustaining employment. Nor can we ignore the pressures faced by Canadian companies as they operate in fiercely competitive markets both at home and around the world.

One fairness issue the budget addressed was the tax rules dealing with debt forgiveness and foreclosures. Under the old provisions of the Income Tax Act many transactions involving the settlement of debt were not recognized in any meaningful way for income tax purposes.

(1325)

The new rules provide a comprehensive basis to deal with debt settlement. In general they provide that forgiven debt amounts will be applied to losses carried forward and expenses, or partially included in the debtor's income. I should point out, however, that there are special relieving rules to minimize undue hardship from these new rules.

Let me turn now to the tax treatment of securities held by financial institutions. Until now the Income Tax Act was not providing specific rules regarding the tax treatment of such securities.

The measures proposed in the bill seek to reduce uncertainty in this regard and to ensure the income derived from such securities is measured appropriately. The amendments provide that certain securities will be marked to market, meaning that the appreciation or depreciation in their value each year must be recognized in that year.

In keeping with our goal of fairness the amendments include a transitional rule that allows increases in income resulting from the new rules to be spread over five years. These new measures are generally effective after February 21, 1994.

In addition, new rules are provided for debt securities that are not required to be marked to market. These rules deal with the measurement of income while the securities are held and the treatment of gains and losses on disposition.

Bill C-70 also amends the rules for the taxation of resident shareholders of foreign affiliates. This action is being taken as a result of the government's ongoing monitoring of developments in the area. The changes expand the categories of income of foreign affiliates that must be reported as income of the Canadian affiliates.

Another modification prevents the use of an affiliate's foreign active business losses to reduce Canadian shareholders' income. This change also protects the Canadian tax base. The amendments are generally effective for taxation years commencing after 1994.

Finally let me turn to six tax measures announced during the months after the 1994 budget. The bill addresses the issue of eligible prepaid funeral and cemetery arrangements. Under the legislation individuals making such arrangements would not

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have to declare interest on deposits up to a \$15,000 maximum contribution as income, provided the deposit is not withdrawn for other purposes. The provider of eligible funeral and cemetery arrangements is however required to include in income the total amount received from an eligible arrangement.

Turning to the next measure, the bill proposes that real estate trusts with publicly traded units be allowed to qualify as mutual fund trusts. The measure responds to representations from the real estate sector which is interested in expanding the available methods of financing real estate. We believe the proposed change will facilitate the restructuring and refinancing of the sector.

The third of the post-budget measures is a measure that will help mutual funds reduce overhead costs and improve services to investors. The amendments allow mutual fund corporations to convert to mutual fund trusts on a tax free basis and allow tax free mergers of mutual fund trusts.

The bill proposes new rules to speed the resolution of objections and appeals particularly by large corporations. Large corporations will now have to specify the issues under dispute, the amount of relief sought, and the facts and reasons for objecting.

The rules also limit the ability of large corporations to raise new issues in a notice of objection where the objection relates to the reconsideration of an assessment. However new issues raised by Revenue Canada on such reconsiderations may still give rise to notices of objection.

In addition, the legislation will ensure that the new requirements relating to notices of objection will not apply to assessments which were repealed through court before the legislation received royal assent.

The final measure I want to highlight deals with the tax treatment of dividend compensation payments and other incomes connected with securities lending. The Income Tax Act currently provides that the lender of securities not be treated as having disposed of the security under these arrangements. As well, payments to the lender as compensation for dividends are treated as dividends in the lender's hands. While these dividend compensation payments are generally not tax deductible, a special rule established in 1989 allows securities dealers to deduct two thirds of such payments.

(1330)

This legislation extends the use of the two-thirds rule, thus ensuring our security industries remain competitive.

The Deputy Speaker: The time has expired.

Mr. LeBlanc (Cape Breton Highlands—Canso): Can I go to my motion?

The Deputy Speaker: No. The time has expired. We will now proceed to Private Members' Business.

*Private Members' Business***PRIVATE MEMBERS' BUSINESS***[English]***AGRICULTURE**

The House resumed from March 24 consideration of the motion.

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, this debate is on Motion No. 314 by the hon. member for Moose Jaw—Lake Centre. It gives the government an opportunity to point out that it is working with the provinces and industry to deliver effective, cost efficient programming for the benefit of the primary agriculture and agri-food industry and the consumer.

The fundamental proposal in the motion has considerable merit. Who could not agree with the notion of reducing the duplication of programs and services? I cannot. It does not make sense for two levels of government to do the same thing. It does not make sense to spend \$1 more than what is necessary.

If the government were to adopt the hon. member's motion to immediately pursue negotiations with the provinces and the agri-food industry to eliminate overlap and duplication, we would be reinventing the wheel.

We do not want a new set of constitutional negotiations. I remember what happened during the last set. We want agreements with the provinces to make a real difference in the lives of the people actively farming in Canada today.

I can think of no better example than agriculture, a shared responsibility between provincial and federal levels of government, to illustrate the enormous effort made by the federal government, provinces, the industry and municipal governments to work together to resolve issues and deliver effective programming and reduce spending.

There are many examples such as safety nets, where both levels of government and industry have come up with a national whole farm program that will provide \$1 billion of income support for producers this year; \$600 million from the federal government and the rest from provincial governments.

The federal government has been working with the provinces, with industry and even with municipal governments to put in place a national food inspection system that will harmonize standards across the country, get rid of duplication of effort where it does exist and at the same time maintain Canada's high standards of food safety and quality which are respected worldwide.

In financial services the Farm Credit Corporation and interested provinces are discussing ways to reduce duplication of government services. The FCC has acquired the New Brunswick agricultural development board portfolio. It has been working with the Alberta Financial Services Corporation since last June to combine the two lending services into a single delivery point.

In research, a valuable tool for Canadian agriculture and agri-food, the federal government is working closely with the private sector and universities to continue a long tradition of scientific excellence. The Canadian agriculture food research council, which has representatives from provincial governments, universities and industry, helps ensure there is a co-ordinated approach and that we avoid duplication.

(1335)

The list is almost endless and I will not tire the House with much more, just a few more points: trade and market development, environmental initiatives, a new range of adaptation measures following the February 27 budget to support industry as it adjusts to a market driven economy.

There is no area where federal and provincial governments do not collaborate effectively. After all, what have we been doing in agriculture since 1867? That is what we will continue to do in the integrated world of agriculture and agri-food where co-operation among all the players is more important than it ever was in the past.

For these reasons I urge members to vote against the motion.

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, it is a pleasure to address the motion of my hon. colleague from Moose Jaw—Lake Centre.

The motion states:

That, in the opinion of this House, the government should immediately pursue negotiations with the provinces and the agri-food industry in order to reassign jurisdictional responsibilities in agriculture and eliminate overlap and duplication.

The hon. member refers to this process as reconfederating agriculture. This is an appropriate term because it alludes to a new way off looking at how levels of government should treat agriculture.

The motion undertakes to prod government to adopt a more efficient and effective agriculture industry by reducing the amount of overlap between the federal and provincial governments. It is important to note the suggested changes and jurisdictions could be made without any constitutional amendments.

There are major changes afoot in the area of agriculture. In the west we are seeing the subsidy for grain transportation eliminated after an existence of close to 100 years. Global change in agriculture is at an unprecedented pace. We must change the way

we treat our industry to keep up with it. This is combined with an ever increasing realization that governments at almost all levels are in serious debt.

We do not have the money to fund everything. It is time to cut back significantly. Agriculture departments are no exception. The Department of Agriculture and Agri-Food has had its budget cut considerably in the recent federal budget.

It is now time to take a hard look at how we can eliminate overlap between levels of government so we can get the most results from our scarce tax dollars. In 1994-95 the 10 Canadian provinces will spend a total of almost \$2.2 billion on the agriculture industry. The federal government will also spend an additional \$2.2 billion on this industry. That is a total of \$4.4 billion all coming from the same taxpayers.

Where are the provincial or federal funds? The 10 provinces had 10,000 civil servants employed in their agriculture departments this year. The federal government had about the same number for a total of approximately 20,000 full time people on the public payroll in support of private sector agriculture. That equals one person on the public payroll for every seven farms. Clearly with these statistics we must examine what kind of effectiveness we are getting for our expenditures.

As members of Parliament we must strive to ensure we have an industry more market oriented, can respond faster to external demands and is more productive and efficient.

(1340)

With regard to government involvement in agriculture it is really time to get out the microscope and closely examine what government does in its dealings with agriculture.

By looking at the various components that make up the agriculture industry we can clearly label the tasks that should be performed by government and the tasks that should be left in the hands of the industry. As has been stated by my colleagues, reconfederating agriculture means we will develop a system of agriculture in which more decisions are made at the local level and at the farm gate.

Reform members have always said farmers, given the opportunity, will always make the decisions in the best interests of the industry. The motion really asks for the federal government to initiate a process where government at all levels works to give farmers this opportunity.

There are some important themes in the motion. The basic idea is that the decisions in the industry should be made at the closest possible level to the farm gate. The higher levels should be programmed where the federal government and provincial governments have some input.

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We should ask the following six questions from this type of service. Does the program continue to serve the public? Is there a legitimate role for government in the program? Is the current role of the federal appropriate or could it be realigned with the provinces? What program related activities could be transferred to the private sector? How can overall efficiency be improved? Is the program affordable?

Government responsibilities would be clearly divided between the federal government and provincial or territorial governments. The provinces would be responsible for natural and human resources. This makes sense because these resources are specific to each province and they vary from province to province.

The federal government would have responsibility for trade policy, whole farm income, stabilization, import, safety and health standards and fiscal and monetary policy. This would reinforce the goals of the federal government which are to assist lower levels of government in areas that span provincial boundaries and managing issues common to farmers and processors regardless of what area of the country they come from.

Among the functions of government should be research and development to ensure among other things we are investing money primarily in sound ventures that guarantee return on our investment.

Another necessary role of government is establishing a necessary level of regulatory policy in the private sector. Although I think most people in the industry would agree that overall there should be a decrease in regulations and that governments should get off the backs of farmers and processors, there is still a need to provide a basic level to ensure the integrity of Canada's industry.

Another government responsibility is to create the lowest level of taxation possible for the most efficient environment for agriculture to operate in. The tax burden in Canada is simply too high. It has been fueled by indiscriminate overspending and it stifles investment and jobs.

A clean break is needed from the cycle of tax and spend. If we are ever to realize the full potential of our industry there are a few other responsibilities to be studied. I know my colleague and others have discussed these at greater length.

The responsibilities of the agri-food industry would be to provide the supplies to meet the demand. That is to say, by providing goods to the public the industry should have the responsibility and the input at all stages in the life cycle of goods including research and development, production, processing including storage, inspection, grading and labelling, and transportation. Producers must be directly involved in the marketing of their products. Financing and insurance should be available to processors in a competitive atmosphere.

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(1345)

I think the motion of my hon. colleague addresses these issues and gives some very important input into regulating or deregulating the agriculture industry so that it will become productive, efficient, and compatible in today's world standards.

Mr. John Murphy (Annapolis Valley—Hants, Lib.): Mr. Speaker, I am pleased to rise today to speak on the motion before the House. I want to thank the member for Moose Jaw—Lake Centre for bringing this motion forward.

My riding of Annapolis Valley—Hants is the home of a large and diverse agricultural and agri-food sector. I am always pleased, therefore, to have the opportunity to discuss what our government is doing to support this important sector.

I believe all members of the House would agree that the hon. member's commitment to eliminating overlap and duplication in the agricultural sector is a good thing. While I believe this motion is well intentioned, I also believe it is unnecessary.

The hon. member wants to launch negotiations to reassign jurisdictional responsibilities. Canada's Constitution makes agriculture a joint responsibility of the federal and provincial governments. I believe this is one of the areas where flexible federalism is working.

Since 1867 the federal government and the provinces have developed a culture of co-operation. While the Constitution does not specify certain areas as federal and others as provincial, governments have learned, however, to work together without treading on each other's toes.

One area where this has worked well is in trade and market development. While international trade is strictly a federal responsibility and would remain so under the proposed motion, this government recognizes the value of working with the provinces to promote exports of agriculture and agri-food products.

In my riding of Annapolis Valley—Hants, I am pleased to say there is a strong and ever growing value added sector. The processing of hogs, chickens, fruits, and vegetables can be found in a number of my communities. Our government has an important role to play in helping them uncover new market opportunities.

The best way to expand our markets and reach our potential is through co-operation, both with the provinces and the respective industries.

We believe that there is no need to open the Constitution to address these issues of jurisdictional responsibilities. Instead, we must work with our provincial colleagues and focus on innovation and market development. This co-operation takes many forms.

When the Minister of Agriculture and Agri-Food travelled to Chile, Argentina, and Brazil in March, high level representatives of three provincial governments travelled with him. These joint missions allow the federal government to promote the entire Canadian agricultural and agri-food sector. At the same time, the provinces pursue specific opportunities for their own industries.

We saw another example of two levels of government working together in the final days of the GATT negotiations. Provincial representatives were in Geneva helping reach the draft agreement. Immediately afterwards the Minister of Agriculture and Agri-Food convened a meeting with our provincial colleagues to plan how we could meet our obligations.

Federal and provincial representatives worked very closely in the following months on the task force on orderly marketing led by the parliamentary secretary. Thanks to their willingness to work together for the common good, our supply managed sectors are moving forward to meet the challenges of the new trade regime.

Another example of this co-operation can be seen in the export targets established for this sector. The industry set for itself a target of \$20 billion in agri-food exports by the year 2000. Federal and provincial ministers of agriculture accepted that target and agreed to help each other reach it. They added a further target of regaining Canada's traditional 3.5 per cent share of the global agri-food trade. Reaching this goal would boost our exports to \$23 billion annually.

(1350)

However, setting the goal was the easy part. For our next steps the federal government will continue to work with industry and with the provinces. We must work to provide the programs and initiatives that industry has told us it needs to take advantage of so as to develop new market opportunities. To this end, the department's priorities in the area of trade for the next three years will include a number of initiatives.

We will negotiate further trade access with countries such as Israel and Chile through the NAFTA. As well, we will work with countries such as China through the GATT expansion.

Our government is committed to creating the Canada agri-food marketing council. This will allow the industry to effectively advise government on how best to support exports in achieving their targets.

We will create an agri-food trade service to provide single-window access and market development services. Our government is also committed to consolidating existing market and trade development programs into a single streamlined Agri-food 2000 program. I believe this program will greatly assist industry in its export efforts.

We are working to provide producers and processors with timely information about international markets through a new

agri-food trade network. In doing so, we want to help businesses make better and more informed decisions.

A key priority will be the setting up of the agri-food credit facility. This facility will provide credits worth up to \$1 billion for exporters of grain and other agri-food products to offshore private sector buyers. This in turn will help Canadian producers continue to compete effectively and efficiently in the export markets.

By working in tandem with the provinces to achieve these initiatives, our government is committed to helping the agri-food sector reach its export targets. Now is not the time to work at cross purposes with the provinces and debate jurisdictional issues. Now, however, is the time to foster even greater federal and provincial relations. In doing so, our agricultural and agri-food sector will only get stronger.

I again thank the hon. member for bringing this motion forward for debate. I certainly do not question the hon. member's commitment to eliminating inefficiencies and overlap in this important sector. However, I believe we can achieve our goals through federal-provincial co-operation rather than re-signing jurisdictional responsibilities.

Mr. Philip Mayfield (Cariboo—Chilcotin, Ref.): Mr. Speaker, it is a pleasure for me to speak today on motion M-314 put forward by my colleague from Moose Jaw—Lake Centre.

I find it interesting that my Liberal colleagues speak of the lack of necessity for this bill. Both the hon. member for Lisgar—Marquette, who just spoke, and the hon. member for Moose Jaw—Lake Centre, who proposed this motion, are active farmers who are struggling under the inefficiencies and the problems of the system as it is now and are seeking to put solutions forward.

The agricultural industry is intricately tied into the whole social fabric of Canada. Over one million Canadians today are involved in agriculture. Many of our peers in this Chamber, as I have mentioned, have left their farms to represent their friends and neighbours in the House of Commons. Millions of other Canadians only need to look back a generation or two to find a parent or a grandparent who worked the land. My own father ranched at the Springhouse ranch and my grandfather at the 141 mile ranch in the Cariboo district of British Columbia.

(1355)

The product of the hard work of our Canadian farmers and ranchers sustained our troops during two great wars, saved the lives of millions of the world's poorest nations, and feeds the needy and destitute of today. They fed the world for decades and will continue to do so for decades to come. We are blessed with an amazing basket that feeds the hungry of the world. The

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question remaining, though, is how to continue feeding the world in the most efficient way possible.

The agriculture industry of today is vastly different from that of 50 years ago. Today, agriculture is controlled and managed through a number of government departments and private sector organizations. We have bureaucrats in downtown Ottawa studying regional farming policies, and at the same time their counterparts in the ten provincial capitals are duplicating many of the same services the federal government is offering. On top of these bureaucracies are a variety of government agencies and private corporations that work in the industry.

Combine all these agencies and government departments together and you have a tangle of rules, restrictions, and regulations that hamper initiative and change. What is needed is a new vision, a new and better approach to the management of agriculture.

There are three starting points the government must first realize before a positive change can take place. The three points I refer to are that each region of our country has unique and diverse needs; that each government has a responsibility to respond to these needs, using its respective strengths; and that each person within the agriculture community has a strong desire to go about their business in the most efficient and profitable way possible. Let me take a moment to expand on these three points.

First, on the uniqueness of each region, I have had the privilege of travelling through and working in many of the agriculture regions of our country. I have worked in the cattle ranches in the British Columbia interior. I have walked through prairie wheat fields. I have driven by the corn and tobacco fields of southern Ontario. I hope some day to visit some of the farms in Quebec, as I have had the opportunity to do in the Maritimes, particularly in Hants County, where the member for Annapolis Valley—Hants comes from.

What has always struck me is how distinctive each region is and how unique each region's needs are. Do these regions have common concerns? Of course they do. These concerns should be pursued in a united manner. Yet the regions do not share common ground on every issue, and we as parliamentarians must keep this in mind.

Second, on responding to those needs, this year the federal government will spend over \$2.2 billion to support our agriculture industry, and the provinces will contribute a similar amount, meaning that almost \$4.5 billion will be spent on agriculture programs this year. This works out to over \$157 per Canadian or over \$332 per taxpayer. That is enough to feed one person for ten weeks, and perhaps longer with careful shopping. Are Canadians getting value for that money? According to the farmers and the taxpayers, the answer is no. Is there room for improvement? Of course there is room for improvement.

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For that \$4.5 billion the various levels of government manage to keep over 20,000 civil servants on the payroll, 10,000 at the provincial level and another 10,000 at the federal level. According to my colleague from Moose Jaw—Lake Centre, this works out to one agricultural civil servant for every 14 farms.

The limited money remaining after paying these government employees goes into numerous support programs. These federal and provincial programs often end up overlapping each other, resulting in farmers wasting valuable time and paperwork, not to mention the tax dollars lost through duplication.

To respond to the needs of farmers, governments must play to their inherent strengths. That is, the federal government directing its resources to such areas as international trade, monetary policy, whole farm income stabilization, and safety hazards, and the provinces more locally investing their money in such areas as resource management and human resources.

(1400)

There is the desire for each stakeholder to go about his or her business in the most efficient way possible. We must begin talking more about empowerment, giving individuals more autonomy in their everyday lives.

It is amazing how bureaucratic control has crept into so much of our Canadian way of life, stifling the very initiative it set out to reinforce. Extending autonomy can involve encouraging the private sector to become more involved so the market system can work to the advantage of the farmer, not just to satisfy regulations that are increasingly failing to meet the needs they were designed for.

We in Parliament must be constantly asking ourselves how we as law makers and the civil servants who enforce the laws and implement the regulations are interfering with the private sector. Are we in its way? If so, how can we move out of the way?

I urge the minister of agriculture and his provincial counterparts to be constantly asking the same questions asked during the federal program review for each and every subsidy and program in the department.

Does the program continue to serve the public interest? Is there a legitimate and necessary role for the government in this area? Is the current role of the federal government appropriate, or can the programs be turned over to the provinces or even eliminated in the name of efficiency and well-being for the individual farmer and the agriculture industry? What activities could be transferred to the private or volunteer sectors? If the government program continues, how can its efficiency be improved? Is the final package of programs affordable and if not which of these programs could and should be abandoned?

My colleague from Moose Jaw—Lake Centre has taken an important first step by proposing a new dialogue between the players involved in the agriculture industry. I hope this debate on Motion No. M-314 will be an important first step in bringing about substantial change in the agriculture policy of Canada.

I ask and encourage all members of the House to support this motion.

Mr. Chuck Strahl (Fraser Valley East, Ref.): Mr. Speaker, I am pleased to participate today in this third and final hour of debate on the motion by my hon. colleague from Moose Jaw—Lake Centre. The motion reads:

That, in the opinion of this House, the government should immediately pursue negotiations with the provinces and agri-food industry in order to re-assign jurisdictional responsibilities in agriculture and eliminate overlap and duplication.

My colleagues who have addressed this motion have focused on how we can get the agricultural business in Canada done smarter, better and cheaper. We have said that we must focus on how the private and public sectors can work together more efficiently and effectively.

We have reached a time in our history when good economics and good politics can converge. Canadians want their political leaders to make the absolute best use of public moneys. They want all mismanagement and waste done away with. They want the political turf wars between the federal government and the provinces to cease.

They want politicians to go back to square one and ask: If we had to start all over again, how would we structure our collective affairs? That is not just in agriculture, but may be especially so today. How would we organize government departments at the federal and provincial levels? How would we create co-operation, not competition, between the public and private sectors? These are conceptual questions that my colleagues have tried to present answers to as applied to agriculture within Canada.

We have said that if we could take agriculture, which is probably the most basic industry, and develop a clear division of responsibilities between levels of government and the industry, we could save hundreds of millions of public dollars and we could unleash the private sector to grow to its complete potential. By taking one department of government such as agriculture and working through this redesigning or reconfederating process, we could learn lessons that could be applied broadly across all the economic and social portfolios within government.

A discussion of this nature deals not only with a clearer division of jurisdictions between governments, but also with a clearer understanding of the functions and the roles of both the government and the private sector.

My colleague from Moose Jaw—Lake Centre has suggested government has six roles most appropriate for it. First, there is basic precommercial research and development. Second, is a commercial role limited to providing only those goods and services that are non-rival, non-excludable and thus not cap-

turable exclusively by the private sector. Third is a minimum level of regulation that ensures safety and health. Fourth is a role in educating and training our children, youth and adults. Fifth is a role in serving the private sector with suitable public programs. Sixth is a mediation role in helping to resolve conflicting and sometimes competing interests.

(1405)

On the other hand, we suggested that the private sector is most suited to make the vast majority of decisions and have ultimate responsibility for organizing the production of private goods and services. The industry must supply the demand and provide goods and services that can be competitive and from which profit can be gained. For the most part, government should stay out of these business related functions. There may be niche roles, but they will be very few in number. These business functions include commercial research and development, production, processing, transporting, marketing, financing and insuring.

Without question, this kind of business led free market system is the best way we have found to distribute resources and wealth throughout an economy and a society. This is because a business-led free market system is an open social order where individuals or parties have the right to contract with others on legal and mutually agreeable terms based on free choice. This open social order must promote personal responsibility for choices instead of state protection, individual innovation instead of bureaucratic control, and the encouragement of voluntary contracting exchange between free participants.

We must also recognize that we want a free market system to provide protection for weaker partners so that they are not victims of unfair commercial practices. In other words, we want a free and a just market system. This issue is without doubt one of the most important things that we as politicians can discuss at this level. It has occupied the attention of legislators and economists around the world since the free markets began.

At the end of this millennium we are also finding new resolve to ask how we best ensure a free market system is both free and just. I suggest there is both a moral and a democratic answer to the question.

Because the tools of wealth and freedom are available in a free market system, participants in that system have a moral obligation to ensure that the creation of wealth and freedom are spread as far afield as possible. To whom much is given, much is expected. Our cultural values will determine how moral a free market system really is. Then a market system that is free and just will be based upon a genuinely democratic process of decision making in public and private policy, work and capital.

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In a free market economy, justice for all is best realized by ensuring that bottom up democracy characterizes all economic and political institutions.

The power and authority must be spread out as widely as possible. Organizations must be flat rather than hierarchical. People must be empowered to fully participate in the privileges and responsibilities of a productive economy. In a multitude of counsellors there is safety.

This is why my colleagues and I insist on the importance of direct farmer and business involvement in developing agricultural policy. We must work from the bottom to the top, not the other way around. We must get the maximum number of people involved in the decision making process. Business and governments around the world are realizing that the more democratic these institutions are, the more economically and socially successful they will be.

A parliamentary democracy must submit political party discipline to representation of the people if it is to maintain the loyalty of those people.

The private sector has other roles to perform in organizing for the supply of private goods and services within a free and just market economy. Industry stakeholders must have freedom of association. They should be able to democratically organize, carry out their activities and advocate their causes to other stakeholders and the public in whatever self-supporting and legal manner that best serves their interests.

The private sector also has a self-regulation function. A clear set of regulatory policies that is established internally by industry or externally by government should be binding on all. This system nurtures the natural expressions of differences and openly rewards success within that regulatory policy.

Obviously the private sector should also have some ability to mediate its affairs and reconcile its own differences. Where this is not possible, outside private or public mediators could be called on to help. The real need however is for all the stakeholders in a given industry to develop a collaborative approach to allow each player to do what it does best in order to realize the best possible good for all.

Finally the private sector has an information sharing function, which is to say that it should research, compile, analyse, interpret and distribute data helpful to its cause.

These basic ideas about the most appropriate roles for government and the most appropriate roles for the private sectors are crucial. We began this debate by saying that it is time to re-confederate agriculture in Canada. The time is right and the need is now. We cannot just tinker with policies here and there. We must think into the future and drive, not drift, into it.

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There must be a whole new way of doing agriculture based on more distinct and more co-operative roles for both levels of government, as much as possible separate from each other and separate from private sector industry. These suggestions are based on sound economic, organizational and democratic principles.

The first act that our Fathers of Confederation passed 125 years ago was the Agriculture Act of 1868. At the end of the 1990s perhaps we as parliamentarians could have the foresight and vision for the needs of today. I have sketched out the modest skeleton of a proposal. I ask the House now to vote in favour of this motion.

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

Some hon. members: Question.

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

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

Some hon. members: Nay.

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

And more than five members having risen:

The Deputy Speaker: Pursuant to Standing Order 45(6) the division on the motion stands deferred until Monday, May 8 at the ordinary hour of adjournment.

It being 2.13 p.m., the House stands adjourned until Monday at 2 p.m.

(The House adjourned at 2.13 p.m.)

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