



CANADA

House of Commons Debates

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OFFICIAL REPORT
(HANSARD)

Thursday, April 25, 1996

Speaker: The Honourable Gilbert Parent

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HOUSE OF COMMONS

Thursday, April 25, 1996

The House met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT RESPONSE TO PETITIONS

Mr. Paul Zed (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 11 petitions.

* * *

[*Translation*]

COPYRIGHT ACT

Hon. Sheila Copps (Deputy Prime Minister and Minister of Canadian Heritage, Lib.) moved for leave to introduce Bill C-32, an act to amend the Copyright Act.

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

* * *

[*English*]

CRIMINAL CODE

Ms. Albina Guarnieri (Mississauga East, Lib.) moved for leave to introduce Bill C-274, an act to amend the Criminal Code and the Corrections and Conditional Release Act (cumulative sentences).

She said: Mr. Speaker, I would like to thank the hon. member for Mississauga South for seconding my private member's bill which aims to recognize victims of crime as individuals by ending volume discounts for rapists and murderers in our courts. These volume discounts are granted by concurrence sentencing which allows a serial killer or a serial rapist to serve sentences for

multiple crimes at the same time and be out on the street in only a fraction of the total sentence.

I believe Canadians are tired of having the price for murder and rape marked down by the courts and parole boards. This bill would narrow the gap between our justice system and justice.

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

* * *

[*Translation*]

PETITIONS

INDIVISIBILITY OF CANADA

Mr. Bernard Patry (Pierrefonds—Dollard, Lib.): Mr. Speaker, pursuant to Standing Order 36, I have the honour to present a petition signed by people in and around my riding.

The petitioners call for an indivisible Canada, whose boundaries and those of its provinces, territories and territorial waters must not be modified.

[*English*]

TAXATION

Mr. Paul Szabo (Mississauga South, Lib.): Mr. Speaker, I have two petitions today. The first one comes from Edmonton, Alberta.

The petitioners would like to draw to the attention of the House that managing the family home and caring for preschool children is an honourable profession which has not been recognized for its value to our society. 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 preschool children, the disabled, the chronically ill or the aged.

LABELLING OF ALCOHOLIC BEVERAGES

Mr. Paul Szabo (Mississauga South, Lib.): The second petition comes from Sarnia, Ontario.

The petitioners would like to draw to the attention of the House that consumption of alcoholic beverages may cause health problems or impair one's ability and specifically that fetal alcohol syndrome and other alcohol related birth defects are 100 per cent preventable by avoiding alcohol consumption during pregnancy.

The petitioners therefore pray and call upon Parliament to enact legislation to require health warning labels to be placed on the

Government Orders

containers of all alcoholic beverages to caution expectant mothers and others of the risks associated with alcohol consumption.

GASOLINE TAX

Mr. Allan Kerpan (Moose Jaw—Lake Centre, Ref.): Mr. Speaker, this morning I have the honour to present a petition from constituents of my riding of Moose Jaw—Lake Centre with some 225 signatures.

The petitioners humbly request that Parliament not increase the federal excise tax on gasoline in the next federal budget. Having said that, I received this petition obviously after the 1996 federal budget but I am sure they mean ever.

* * *

QUESTIONS ON THE ORDER PAPER

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

The Speaker: Is that agreed?

Some hon. members: Agreed.

GOVERNMENT ORDERS

[English]

EMPLOYMENT INSURANCE ACT

BILL C-12—TIME ALLOCATION MOTION

Hon. Douglas Young (Minister of Human Resources Development, Lib.): Mr. Speaker, I move:

That in relation to Bill C-12, an act respecting employment insurance in Canada, not more than 10 further hours shall be allotted to the consideration of the committee stage of the bill and, at the expiry of the time provided for in this Order, any proceedings before the Standing Committee on Human Resources Development shall be interrupted, if required for the purpose of this Order, and in turn every question necessary for the disposal of the said stage of the said bill shall be put forthwith and successively without further debate or amendment.

• (1010)

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

Some hon. members: Agreed.

Some hon. members: No.

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

Some hon. members: Yea.

The Speaker: All those opposed will please say nay.

Some hon. members: Nay.

The Speaker: In my opinion the yeas have it.

And more than five members having risen:

The Speaker: Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 44)

YEAS

Members

Adams	Alcock
Assad	Assadourian
Augustine	Bakopanos
Barnes	Beaumier
Bélar	Bélanger
Bethel	Bevilacqua
Blondin-Andrew	Bodnar
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Byrne	Caccia
Calder	Campbell
Cannis	Catterall
Cauchon	Chamberlain
Collenette	Collins
Comuzzi	Copps
Cowling	Crawford
Culbert	Cullen
DeVillers	Dion
Discepola	Dromisky
Dupuy	Easter
Eggleton	English
Finestone	Finlay
Flis	Fontana
Fry	Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Goodale
Graham	Grose
Harvard	Hopkins
Hubbard	Ianno
Iftody	Jackson
Jordan	Keyes
Knutson	Kraft Sloan
Lavigne (Verdun—Saint-Paul)	LeBlanc (Cape/Cap-Breton Highlands—Canso)
Lee	Lincoln
Loney	MacAulay
MacDonald	MacLellan (Cape/Cap-Breton—The Sydneys)
Malhi	Maloney
Manley	Marleau
Martin (LaSalle—Émard)	Massé
McGuire	McLellan (Edmonton Northwest/Nord-Ouest)
McTeague	Mifflin
Milliken	Mitchell
Murphy	Murray
Nault	O'Brien (London—Middlesex)
O'Reilly	Paradis
Parrish	Patry
Payne	Peric
Peters	Peterson
Pettigrew	Pickard (Essex—Kent)
Pillitteri	Proud
Reed	Regan
Richardson	Rideout
Robichaud	Robillard
Scott (Fredericton—York—Sunbury)	Serré
Shepherd	Sheridan
Simmons	Speller
St. Denis	Steckle
Stewart (Brant)	Stewart (Northumberland)
Szabo	Telegdi
Terrana	Thalheimer
Valeri	Vanclief
Verran	Volpe
Whelan	Wood
Young	Zed—126

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NAYS

[Translation]

Members

Abbott	Ablonczy
Althouse	Asselin
Bachand	Bélisle
Bellehumeur	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brien	Brown (Calgary Southeast/Sud-Est)
Canuel	Chatters
Chrétien (Frontenac)	Crête
Dalphond-Guiral	Debien
Deshais	Dubé
Dumas	Epp
Fillion	Frazier
Gagnon (Québec)	Gauthier
Godin	Gouk
Grey (Beaver River)	Guay
Guimond	Hanger
Hart	Hayes
Hermanson	Hoepfner
Jacob	Jennings
Johnston	Kerpan
Lalonde	Landry
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loubier
Marchand	Mayfield
McLaughlin	Ménard
Mercier	Mills (Red Deer)
Morrison	Paré
Penson	Picard (Drummond)
Pomerleau	Ringma
Sauvageau	Schmidt
Silye	Solberg
Taylor	Thompson
Tremblay (Rimouski—Témiscouata)	Wayne—72

PAIRED MEMBERS

Caron	Chan
Cohen	Daviault
Duceppe	Galloway
Harb	Kirkby
Lavigne (Beauharnois—Salaberry)	Paradis
Rocheleau	St-Laurent
Venne	Wells

• (1055)

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

Mr. Williams: Madam Speaker, a point of order. I was unavoidably detained on government business. Had I been here I would have recorded my vote with my Reform colleagues against the motion.

The Acting Speaker (Mrs. Ringuette-Maltais): I am sorry. We cannot accept the vote of the hon. member.

BUDGET IMPLEMENTATION ACT, 1996

BILL C-31—TIME ALLOCATION MOTION

Hon. John Manley (Minister of Industry, Minister for the Atlantic Canada Opportunities Agency, Minister of Western Economic Diversification and Minister responsible for the Federal Office of Regional Development—Quebec, Lib.): Madam Speaker, I move:

That in relation to Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, not more than one additional sitting day after the day on which this order is adopted shall be allotted to the consideration of the second reading stage of the bill and, fifteen minutes before the expiry of the time provided for government business on the day so allotted to the consideration of the second reading stage of the said bill, any proceedings before the House shall be interrupted, if required for the purpose of this order, and in turn every question necessary for the disposal of the second reading stage of the bill shall be put forthwith and successively without further debate or amendment.

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

Some hon. members: Agreed.

Some hon. members: No.

The Acting Speaker (Mrs. Ringuette-Maltais): All those in favour will please say yea.

Some hon. members: Yea.

The Acting Speaker (Mrs. Ringuette-Maltais): All those opposed will please say nay.

Some hon. members: Nay.

The Acting Speaker (Mrs. Ringuette-Maltais): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mrs. Ringuette-Maltais): Call in the members.

(The House divided on the motion, which was agreed to on the following division:)

(Division No. 45)

YEAS

Members

Adams	Alcock
Assad	Assadourian
Augustine	Bakopanos
Barnes	Beaumier
Bélair	Bélanger
Bethel	Bevilacqua
Blondin-Andrew	Bodnar
Boudria	Brown (Oakville—Milton)
Brushett	Bryden
Byrne	Caccia
Calder	Campbell
Cannis	Catterall
Cauchon	Chamberlain
Collenette	Collins
Comuzzi	Copps
Cowling	Crawford
Culbert	Cullen
DeVillers	Dion

Government Orders

Discepolo	Dromisky
Dupuy	Easter
Eggleton	English
Finestone	Finlay
Flis	Fontana
Fry	Gaffney
Gagnon (Bonaventure—Îles-de-la-Madeleine)	Goodale
Graham	Grose
Harvard	Hopkins
Hubbard	Ianno
Iftody	Irwin
Jackson	Jordan
Keyes	Knutson
Kraft Sloan	Lavigne (Verdun—Saint-Paul)
LeBlanc (Cape/Cap-Breton Highlands—Canso)	Lee
Lincoln	Loney
MacAulay	MacDonald
MacLellan (Cape/Cap-Breton—The Sydneys)	Malhi
Maloney	Manley
Marleau	Martin (LaSalle—Émard)
Massé	McGuire
McLellan (Edmonton Northwest/Nord-Ouest)	McTeague
Mifflin	Milliken
Mitchell	Murphy
Murray	Nault
O'Brien (London—Middlesex)	O'Reilly
Paradis	Parrish
Patry	Payne
Peric	Peters
Peterson	Pettigrew
Pickard (Essex—Kent)	Pillitteri
Proud	Reed
Regan	Richardson
Rideout	Robichaud
Robillard	Scott (Fredericton—York—Sunbury)
Serré	Shepherd
Sheridan	Simmons
Speller	St. Denis
Steckle	Stewart (Brant)
Stewart (Northumberland)	Szabo
Telegdi	Terrana
Thalheimer	Valeri
Vanclief	Verran
Volpe	Whelan
Wood	Young
Zed—127	

McLaughlin	Ménard
Mercier	Mills (Red Deer)
Morrison	Paré
Penson	Picard (Drummond)
Pomerleau	Ringma
Sauvageau	Schmidt
Silye	Solberg
Taylor	Thompson
Tremblay (Rimouski—Témiscouata)	Wayne
Williams—73	

PAIRED MEMBERS

Caron	Chan
Cohen	Daviault
Duceppe	Galloway
Harb	Kirkby
Lavigne (Beauharnois—Salaberry)	Paradis
Rocheleau	St-Laurent
Venne	Wells

• (1110)

[English]

The Acting Speaker (Mrs. Ringuette-Maltais): I declare the motion carried.

[Translation]

CONSIDERATION RESUMED OF MOTION FOR SECOND READING

The House resumed from April 24 consideration of the motion that Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, be read the second time and referred to a committee.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Madam Speaker, I am pleased to rise on Bill C-31, a bill recently introduced by the Minister of Finance, which not only implements several budgetary provisions but also adds to the provisions of the latest budget brought down by the Minister of Finance some elements of the agreement on the GST reached the day before yesterday between the Minister of Finance of Canada and three of the four maritime provinces.

My argument will focus on two major aspects of the bill: first, the part dealing with certain provisions of the Unemployment Insurance Act and, second, certain provisions of the agreement on the GST, and those calling for the outrageous amount of \$961 million to be paid out in compensation to the maritime provinces.

But before I go on, I must say that I deplore the fact that the government does not like to be told the truth, to hear certain facts about the unemployment insurance system, the GST or the outrageous agreement entered into with the maritime provinces. Instead of responding to these statements and debating the issues in public, in front of the people, the government chooses to hide behind a wall of silence, stifling debate with a gag order not once but twice today. This is a shame and a disgrace.

NAYS

Members

Abbott	Ablonczy
Althouse	Asselin
Bachand	Bélisle
Bellehumeur	Bergeron
Bernier (Gaspé)	Bernier (Mégantic—Compton—Stanstead)
Breitkreuz (Yellowhead)	Breitkreuz (Yorkton—Melville)
Brien	Brown (Calgary Southeast/Sud-Est)
Canuel	Chatters
Chrétien (Frontenac)	Crête
Dalphond-Guiral	Debien
Deshaies	Dubé
Dumas	Epp
Fillion	Frazer
Gagnon (Québec)	Gauthier
Godin	Gouk
Grey (Beaver River)	Guay
Guimond	Hanger
Hart	Hayes
Hermanson	Hoepfner
Jacob	Jennings
Johnston	Kerpan
Lalonde	Landry
Langlois	Laurin
Lebel	Leblanc (Longueuil)
Lefebvre	Leroux (Richmond—Wolfe)
Leroux (Shefford)	Loubier
Marchand	Mayfield

Regarding the unemployment insurance system, I would like to start by commending my colleagues, particularly the hon. member for Mercier, the hon. member for Kamouraska—Rivière-du-Loup, the hon. member for Lévis, and all those who have supported them in literally besieging the human resources development committee, whose members were once again trying to limit debate, something we will not abide. The real issues must be raised. I congratulate my colleagues on doing just that and we will keep on fighting with their support.

Our position on unemployment insurance is clear and, regardless of the gag put on us and the government's attitude in trying to hide the truth from the people who elected it, we will press on. The only thing that this bill is good for is to be tossed out. This is the only way the unemployment insurance system can be properly reformed today.

Let me restate our main reasons for opposing this reform. First, the proposed reform is unfair, because it will be harder to qualify and two categories of unemployed will be created, depending on how frequently they are unemployed. Second, this is a regressive reform, because there will be a single rate of contribution and the maximum insurance earnings will be reduced to \$39,000.

• (1115)

Third, by lowering the maximum to \$39,000, the Liberal Party of Canada is doing a favour to large corporations, since those that can afford to pay insurable gains totalling \$39,000 annually are precisely the big corporations that contribute to the Liberal Party's coffers.

Fourth, the reform is detrimental to job creation, since the new contributions structure favours capital intensive industries, at the expense of labour intensive industries.

Fifth, the reform will generate poverty, because it lowers the rate of benefits while taxing workers from the very first hour of work.

This debate on Bill C-31 gives me an opportunity to reiterate the position of the Bloc Québécois regarding this issue. The proposed unemployment insurance reform is not agreeable to Quebecers and Canadians as a whole. The government must withdraw its bill and start the whole exercise all over, do some real thinking, and come up with a real unemployment insurance program that will help the poor in our society, instead of hitting them hard with cruel measures.

As regards the GST, there are many things we could say and repeat to the Minister of Finance. There are many things we could say and repeat to the Prime Minister, now and then. There are many things we could say and repeat to all government members regarding the numerous promises they made concerning this tax.

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Why did the government, this morning, limit to only one day, or 100 minutes for the official opposition, the debate on the new agreement reached between the maritime provinces and the federal government concerning the GST? Why did it do that? I will tell you why. It is because this government is ashamed of the Liberal Party's promises that have not been kept. This government is ashamed of the attitude of its Prime Minister, who reneges on his commitments. This government is ashamed of the attitude of the Deputy Prime Minister, who said she would resign if the GST was not abolished. We are being gagged because the Prime Minister failed to meet his commitments. This is why.

Not that long ago, the government made very clear statements. We have recordings, newspaper articles and even videos of that, just as in the case of the numerous scandals involving the Department of National Defence. Prominent members of this government have made a formal commitment to Quebecers and Canadians, especially during the election campaign. They have made a promise. This Prime Minister stated in a CBC interview in 1993: "We will scrap the GST".

What is the Prime Minister saying now? He keeps repeating we should read the red book. But what did he say personally? He indulged in petty politics by promising Quebecers and Canadians that he would eliminate the GST. We have his commitment on tape. It was recorded. And that has nothing to do with the red book. He promised that he would kill the GST. And what is he doing now? He is breaking his promise.

On October 18, 1993, on the CBC, the Deputy Prime Minister made a statement that is just fine when you want to entice voters during an election campaign:

[*English*]

"I have already said personally and very directly that if the GST is not abolished I will resign".

[*Translation*]

So, she promised to resign if the GST was not eliminated.

What is she doing now? She is laughing at us. She is laughing at Quebecers and Canadians with her broken promises. Shame on her. We would have thought that, as it was said during an election campaign, they would stop saying they would if they did not really mean it. But that was not to be. On May 2, 1994, about six months after coming to power, the Prime Minister repeated: "We hate this tax, and we are going to eliminate it".

How can they take such an attitude now? How can they try to hide behind an agreement with the maritimes, an agreement that not only leaves the GST in place throughout Canada, but also buries it in the price?

Government Orders

• (1120)

How did we get from a formal commitment to some kind of political hybrid that makes the Minister of Finance look good and gives the Prime Minister the opportunity to say: "Look, we have done something about the GST", when what he promised was not to do something about the GST, but to scrap it? How can a government deceive the voters this way? It is unacceptable. It is so totally unacceptable that there is a general outcry in Quebec and in Canada.

About the hidden tax, for instance, let me remind the House that, as early as 1994, the Canadian Chamber of Commerce made a survey and concluded that 70 per cent of its members were opposed to a sales tax, the new GST or any new value added tax, being hidden in the price of goods. Seventy per cent of its members were against such a measure in 1994. The Canadian Chamber of Commerce carried out another survey not so long ago, last February in fact, and realized not only that the situation had not reversed, but, quite the opposite. There are now 76 per cent of Canadian businesses that are opposed to the new GST being hidden in the price of goods.

When there is almost unanimous consent within the Chamber of Commerce on this issue, why should the government come up with such a hypocritical initiative? The Canadian Taxpayers' Association, through its president, also reacted strongly against a hidden GST. Why? First, because it allows the government to conceal what the real financial situation is in Canada. It also allows the federal government to conceal its mismanagement of public funds and the fact that it is standing on the brink of a financial abyss, with an accumulated debt of over \$550 billion. That is the first reason.

The second reason is that by hiding the tax—as the Minister of Finance has done in the agreement reached with the three maritime provinces and which he would like to extend to the rest of Canada—the government has found a roundabout way to increase the tax, year after year, without the consumers in Quebec and the rest of Canada knowing about it.

In fact, while in opposition, the Liberals vigorously attacked the previous government on the GST and emphasized the very same things we just mentioned. In 1989, the Liberal opposition minority report said: "Moreover, if the GST is hidden in the sales price, it will be a lot easier for the government to raise it later". This is what was said in the Liberal minority report of 1989. It also said: "Nothing will prevent the government from regularly raising the GST." This is still according to the 1989 Liberal minority report.

This is what the Liberal Party was saying then. I find it peculiar that they should do a complete turnaround a few years down the road. How can the people of Quebec and Canada trust a government like that?

As such, the agreement is a bad deal. Why? Because not only is the problem of the hated GST not solved, not only is this tax hidden

and there is no national reform, since this is restricted to the maritimes only, but this will cost Quebecers and Canadians outside the maritimes at least \$961 million over the next four years to compensate the maritime provinces for the revenue loss they will experience after replacing the actual federal and provincial taxes—totalling some 19 per cent in the maritimes—by a single federal tax of 15 per cent.

This is a \$961 million political compensation that has nothing to do with federal compensations like, for example, the one that followed the abolition of the Crow's Nest rate for the transportation of western grain. They said then that economic distortions were created.

• (1125)

These economic distortions are being eliminated, but there must be compensation for those who, since 1897, benefited from this preferential transportation rate. That is not the same thing. That was an economic compensation. This compensation is political. We are supposed to believe that the government is doing something about the GST, that it wants to harmonize the consumer tax collected by the federal government and the provinces, when in reality this accord is a smokescreen for a broken promise and an outrageous expenditure of \$961 million over the next four years.

This is a lot to pay so that the Liberal government can pull the wool over our eyes, to the tune of almost \$1 billion over the next four years. This is not right.

Not only that, but the finance minister is keeping something else from us about this agreement, and that is that in four years, when the \$961 million have been paid, equalization payments will kick in. It is not just \$961 million. After the fourth year, we will continue to pay, on average, approximately \$250 million annually to the maritimes for this bad deal, this political deal that the finance minister signed this week.

[English]

The new deal between the federal government and the maritimes will cost \$1 billion to Quebecers and Canadians outside the maritimes. It is a high price to pay for Canadians for a bad deal, a political deal, which maintains the GST.

It is not the only price. After four years Canadians will continue to pay compensation to the maritimes by equalization payments. When one reduces the taxation base, as in the proposal of the Minister of Finance, equalization increases automatically.

In Quebec we realized harmonization for five years without any cost to the federal government, without any cost to Canadians in other parts of Canada. Why is it not possible for the Liberal government to do the same thing in all territories of Canada? Why is it not possible to avoid paying \$1 billion to the maritimes?

Government Orders

[Translation]

Not only is this agreement costing us dearly, not only does it solve nothing, not only is it a smokescreen for the Liberal Party's broken promises, but in addition there is a danger that it will set a precedent of interfering in the fiscal autonomy of the provinces.

I would like to tell you what the deputy premier of Quebec said when he heard about this agreement, because there are fears in Quebec about the agreement. He said, and I quote: "Certain conditions cannot be gotten around, including full fiscal autonomy for Quebec, which must retain full flexibility to set the base and the rate".

His concerns are not without foundation, because in the paper tabled Monday at the same time as the agreement, it is clearly mentioned that the new Canada revenue commission, the one which was announced in the speech from the throne and which came up again in the last budget speech, will be responsible, in place of the provinces, for managing the new tax, the Liberal government's new hidden and hypocritical GST.

As this paper points out, if application of this agreement between the federal government and the maritime provinces is to be expanded to all of Canada, over the next few months there will be many approaches made to the various provinces to get them, Quebec in particular, to give up their taxation autonomy, administration of the sales tax, the right to set the level of their own taxes—something Quebec is totally free to do today—and particularly the right to determine which goods and services are to be taxed. This is what lies hidden behind the agreement reached between the maritime provinces and the Minister of Finance.

We can but regret this agreement, this political agreement, this bribery of the maritime provinces, aimed at getting what the Minister of Finance and the Prime Minister want. We can but regret, as well, what occurred here yesterday at 5.21 p.m. Since I saw it as a tragic moment for Canadian parliamentary history, I took note of the exact time the Minister of Industry tabled a notice of motion to gag us in the debate on Bill C-31, as well as on the outrageous agreement between him and the maritime provinces.

• (1130)

This agreement will be terribly costly for us. A minimum of \$1 billion over the next four years, \$250 million from the tax dollars of Quebecers to foot the bill for a political agreement entered into with the maritimes. This agreement will serve to increase competition between Quebec businesses and those in other provinces, New Brunswick, for example.

Such a situation is not right, particularly since we in Quebec have come to an agreement with the federal government, have made an incredible effort to harmonize the tax, have defined highly efficient mechanisms for its application and administration, and

now are rewarded for our efforts by the federal government's presenting us with an agreement that has been thrown together, a political agreement that will cost Quebec \$250 million, and the rest of Canada some \$750 million.

I can understand why Quebec is starting to rise up, and the other provinces as well. It is not right for a federation to be administered the way the federal government is administering this one. Nor is it right for it to renege on its commitments, as the Prime Minister and the Minister of Finance are doing.

[English]

Mr. Brent St. Denis (Algoma, Lib.): Madam Speaker, I listened with great interest to my friend and colleague. He is an eloquent speaker, but as is all too often the case, only part of the picture is presented and is not one we on this side of the House agree with.

The member questions the finance minister and the government's making an arrangement with the three Atlantic provinces because they saw it was fit, fair and just to provide a degree of compensation to assist with the transition. This is especially the case because of the lowered provincial rate portion of the harmonized tax.

I am a member of the House of Commons finance committee, as is my colleague. I went through the extensive consultations in the spring of 1994 which covered a wide range of witnesses across the country and a wide range of issues. We looked at about 20 options for replacing the GST. There was no doubt the best replacement for the GST was a harmonized system involving provincial taxes and the federal GST.

We had the concurrence of the Reform Party on this suggestion.

An hon. member: Wrong.

Mr. St. Denis: We only have to look at the minority report to confirm that fact

I will deal specifically with the member's points in the latter part of his presentation and why the province of Quebec should not now receive some payment for having harmonized some years ago. We appreciate that Quebec had the foresight to harmonize. It was the right thing to do and obviously the government of the day thought so. It is still a good plan. No doubt there are some improvements that can be made and as a government we look forward to working with Quebec on that.

However, statistics will show Quebec actually gained from the harmonization. In the maritimes because of the tax base and the desire to lower the provincial rate of tax, a 5 per cent threshold was decided on. For any province which harmonized above a 5 per cent cap, compensation would be provided for losses above 5 per cent. As we calculate it there would be no loss for Ontario. As we see it

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there was no loss for Quebec. Some other provinces might experience a loss.

• (1135)

As a government we are being responsible and we are prepared to provide some limited degree of compensation. This is not a political decision. This is a country that is not built on cheque book federalism, it is a country built on partnerships among all the regions of this great nation. Every area is treated equally but we cannot treat every area the same.

Did Quebec gain when it harmonized its provincial tax with the GST?

[*Translation*]

Mr. Loubier: Madam Speaker, my colleague is being a bit facetious in asking such a question. Harmonizing taxes, reducing the paper burden and simplifying the administration of taxes are all good things. Nobody said they were not. This is in fact what Quebec has understood and has been doing since 1991. We harmonized the federal tax and the Quebec sales tax, but not at a cost of \$1 billion. Not at all.

We harmonized the bases gradually, through discussion, through an administrative agreement, the kind you are so fond of. You are always advocating administrative agreements, everyone's full understanding and participation by all the provinces. And what are you handing us this week—a slapdash agreement with three of the four maritime provinces.

Without consulting any government in any province of Canada, least of all Quebec, you announce that from now on this will be the basis of discussions. And then you bring out this agreement, which will cost \$961 million over the next four years over and above the equalization payments, which will take over. And now we have to pay. Button it and pay up is what you are telling the governments of Ontario, Quebec, Alberta, Saskatchewan, Manitoba and British Columbia.

This is not how it was in Quebec. There, we could see the advantage of harmonizing and of simplifying the administration. We could also see that the more we simplified and cut back administration, the better our economic performance. But we never asked for anything. The only money the federal government gives the Government of Quebec is for services rendered, because it administers the federal government's GST. And that is what is not right.

Furthermore, I do not think we are alone. Some may call us evil separatists and perpetual federalism bashers, but it is not true. See

how rational, very rational we were with the GST, unemotional even. In Quebec we harmonized it. Not only are we criticizing this ridiculous agreement, but like the rest of Canada, we in Quebec find this whole business unacceptable. It is not right that the rest of Canada should pay for an agreement that is going to allow people in the maritimes to save 4 per cent in provincial tax.

If it were an equalization adjustment, it would be a completely different matter. Let us not mix apples and oranges as the Minister of Finance is so good at doing in order to confuse Canadians. That is not right. Do not forget—and my colleague knows it full well because he sits on the finance committee—that when a tax base in a province or a group of provinces is reduced from 19 per cent to 15 per cent, as is the case with the new consumption tax, the new hidden GST, and the federal government pays out \$961 million in compensation, the federal equalization formula must kick in.

Whether we like it or not, it is automatic. Put a 15 per cent consumption tax base in the equalization formula, a reduced base, and after the fourth year or maybe after the third year or maybe immediately—we do not yet know the specifics of the political deal signed between the Minister of Finance and the three maritime provinces—given the equalization formula, Canadians will necessarily have to pay, not for four years, but *ad vitam aeternam*, as long as the principle of equalization is in effect in this country.

This is a bad deal. Because we are making people aware of this bad deal, because we are bringing to their attention your poor management, political deals made to give the impression that the government is acting on the Prime Minister's commitment to eliminate the GST, we are being gagged. It is not right to deal with such important matters in this manner.

• (1140)

I would be very careful if I were you because, when you go back to your ridings this weekend or the next, you may find that some of your constituents are disgruntled. During the 1993 election campaign, some people thought: "Wow, this will be a good government. It will abolish the GST, scrap it. We will vote for them".

But the situation has changed since Monday. The Minister of Finance admitted he cannot keep that promise, while the Prime Minister told us they had kept it. Who should we believe? I think we must trust the intelligence of Canadians. They know perfectly well that the GST is there and for a long time, but that it will be hidden from now on.

So I think a lot of your constituents will be waiting for you with two messages by next week: you did not keep your promises and the government acted hypocritically.

*Government Orders**[English]*

Mrs. Jean Payne (St. John's West, Lib.): Madam Speaker, I am pleased to speak on the implementation of certain provisions of the budget, presented on March 6, which are very important to my riding.

While the 1996 budget meets the federal government's commitment of sustained deficit reduction, a balanced budget by and of itself must never be our only goal.

The Liberal government has the challenge of safeguarding and ensuring our social programs remain effective well into the next century. The new Canadian health and social transfers, which consolidate transfers for health care and post secondary education, began on April 1, 1996. Because it is block fund it offers more flexibility to the provinces, allowing, for example, for the development of innovative programs for people receiving social assistance.

Greater flexibility will reduce administrative costs and allow the provinces to adjust to the new funding levels while protecting program quality.

The 1996 budget introduced a five-year funding arrangement for the CHST for 1998-99 through 2002-03. The CHST will be stabilized at 1998-99 levels for two years. Then it will begin to grow.

There will be no cuts to the CHST beyond those announced in last year's budget. By providing predictable funding the government is demonstrating its commitment to safeguarding health care and other social programs valued by Canadians. The provinces will be able to plan programs with clearly set levels of federal funding in following years.

When the CHST begins to grow in the year 2000-01 federal transfers will increase for the first time since the mid-eighties. While the CHST will promote innovative solutions, established national principles will continue to be upheld. Provinces must still provide social assistance without imposing residency requirements.

The government will continue to vigorously defend the five principles of the Canadian health care system. It will also work with the provinces to develop other shared principles and objectives for the new transfer. Funding will remain constant at \$25.1 billion for the first two years and will actually increase over the remaining three.

Although the cash component of the Newfoundland CHST will decline initially, transfers will resume growth sometime during the five-year arrangement. The federal government is guaranteeing the cash component of the transfer will never be lower than \$11 billion during this five-year period. Newfoundland will benefit from the tax component as well as from the cash guarantee.

By putting a floor of \$11 billion under the cash part of the CHST the federal government is ensuring the principles of the Canada Health Act can and will be enforced throughout Canada.

A new seniors benefit will replace the existing old age security and guaranteed income supplement. The new system is designed to help those who need it most. In my riding of St. John's West there are many single seniors and many senior couples who live on incomes well below \$40,000 a year.

• (1145)

Over these past few weeks I have met with many of them and I have reviewed with them the new seniors benefit. It was found that they will be better off under the new system than under the old one. The new benefit will be tax free and fully indexed to inflation. The new system targets those who need it most and ensures the system is sustainable in the future.

Fiscal progress should always be the means to a greater public end such as lower interest rates, more jobs and then a more prosperous and secure nation. Fiscal progress must give us the green light to move forward on priorities such as the preservation of Canada's social safety programs, programs that have helped establish Canada as one of the most envied and respected nations in the world.

In order to meet this end, as the Prime Minister has said, we have to provide a long term funding arrangement for health and social programs and arrangements that are growing, stable, predictable and sustainable.

[Translation]

Mr. Gilbert Fillion (Chicoutimi, BQ): Madam Speaker, my colleague opposite was very brief, she addressed only two points in Bill C-31. She forgot quite a few others. She kept silent on many issues this bill is trying to hide.

I would like to remind her that this bill contains provisions on unemployment insurance that were supposed to be in Bill C-12 originally. This morning's gag orders will prevent us from really discussing Bill C-31, also dealing with unemployment insurance, and Bill C-12 at committee stage. So when will we have the opportunity to address these issues?

Bill C-31 amends the Unemployment Insurance Act so that, retroactively to January 1 1996, maximum weekly benefits will drop from \$445 to \$413. Why is this government introducing the same measure twice? Why use two bills, C-31 and C-12, to enact the same legislation? Is the government afraid of some kind of complication? Does it fear it will not be able to respect the deadlines set in the budget?

Bill C-31 does, in a roundabout way, what the government should be doing directly with Bill C-12. With each new bill, we should be discussing new issues. Will my colleague be happy this weekend when she meets her constituents? Will she be able to explain what is happening with unemployment insurance?

*Government Orders**[English]*

Mrs. Payne: Madam Speaker, I omitted to mention at the beginning of my speech that I will be sharing my time with my colleague from Provencher.

When I began my speech I indicated that I would be referring only to elements of the budget that were very important to my riding. These dealt with the CHST and the seniors benefits.

Over the last two or three weeks I have spoken to a great many people in my riding about both of these matters. About 90 per cent of the people I spoke to will be better off under the new seniors program.

• (1150)

I am extremely pleased that the Minister of Finance and the House had the foresight to look at those who are most in need of the benefits that they will now receive under the new program.

[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, the member for St. John's West should know that to be liked, appreciated and respected a tax must be simple and fair.

How could she explain to Canadians as a whole that this tax is fair when her government is going to take close to \$1 billion of taxpayers' money to buy, to conclude a political deal with three provinces who, it appears, could but benefit from teaming up with this new government which has been in power for two and a half years already?

Hardly 12 months ago, this same government paid \$1.6 billion directly to western grain producers when the Crow rate was abolished. This time, it is going to spend \$1 billion to compensate a small portion of the Canadian population who will pay less in provincial sales tax and GST.

Does she believe this tax is fair and simple while Liberal members when they were in opposition were dead against—

[English]

The Acting Speaker (Mrs. Ringuette-Maltais): We are now resuming debate.

Mr. David Iftody (Provencher, Lib.): Madam Speaker, it is with pleasure that I rise in the House to participate in the debate on Bill C-31, an act to implement certain provisions of the budget tabled in Parliament March 6, 1996.

I would like to take this opportunity to discuss the portion of Part II of Bill C-31 that deals with the sale of government owned railway cars, or hopper cars, as they are known. In the budget of the Minister of Finance on March 6, 1996 he announced that in order to continue the transformation of the western grain handling and

transportation system, the government would do primarily two things. First, it would dispose of its fleet of grain hopper cars and second, it would minimize its role in the day to day operations of that system.

The government has committed itself to selling all of its fleet of 13,000 grain hopper cars. This policy change is designed to enhance the competitiveness of the grain handling and transportation system while keeping increases in freight rates paid by producers to a minimum.

I would like to remind the House of a couple of incidents, in particular in the use of grain hopper cars in the export of grains to the Vancouver port, the difficulties that western farmers have had in the control over that process. I am pleased to say that this allocation process will give western Canadian farmers greater control over that export process.

These decisions were adopted from a package developed by senior executive officers or the SEO group. This industry group was tasked last year with reviewing car allocations, the disposal of the government hopper car fleet and the Canadian Wheat Board's role in transportation. The review was announced in the 1995 budget. The report by the SEO group was carefully reviewed and it is important to note that several of their recommendations were not accepted due to concerns voiced by producers and producer led groups.

Two of the discarded proposals which were very important included a proposal by this group to sell the government cars to the railways for \$100 million with a \$1 per tonne freight rate increase for up to five years to cover the cost.

• (1155)

Second, producers were also concerned about the lack of a producer's voice on a proposed car allocation policy group. The Minister of Finance listened to these people. He listened to the producers and he acted accordingly.

I should point out that between 1972 and 1979 Canada had a Liberal government that listened to the pleas of farmers who were concerned about the transportation of grain at that time. It spent up to \$500 million with interest payments on those capital costs to provide an additional 13,000 grain hopper cars for western Canadian farmers.

How will the commercialization of the grain hopper cars affect farmers? Selling the fleet will allow for the efficient use of grain hopper cars. Cars will now be allocated on a commercial basis responding to market need. This will improve the ability of farmers to get their products to market quickly. It is an essential element, particularly with regard to a disposable good such as grain and in getting it to our international markets in the Asia Pacific rim and eastern Europe.

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The government has already acted in its latest budget to protect the farmer's position by limiting the freight increase associated with the sale of the cars to 75 cents per tonne, as announced in the finance minister's budget. It will also postpone that same increase by another year to 1998. Further, efficiency improvements will generate reductions in the freight rates which should offset the increases over time.

Other measures, such as legislating the fair sharing of productivity gains between farmers, railways and shippers will assist farmers. The other side of the coin is how will this policy affect the railways?

Currently cars are allocated on an administrative basis which is not effective. Selling the fleet will result in more efficient use of the cars that will be allocated in response to market demand.

The railways will be given the flexibility they need for efficient day to day operation of the system. These efficiency improvements will over time result in lower costs for the railways and consequently lower freight rates which will help farmers. Proposals to buy the cars will be encouraged by all interested parties including—from my perspective most importantly—producer friendly entities. Producers, farmers, the railways and any other interested party will be given their say.

As the budget stated, the federal government will consider all proposals put forward for the disposition of these cars. It will take into account the interests of producers, shippers and railways and the need to make the most efficient use of these cars.

Bill C-31 seeks to implement the measures I have outlined and to implement the budget the minister has given. The commercialization of these cars is a sound and productive measure of the budget. It should be allowed to be implemented at once. Producers, grain companies, railways and ultimately Canadians will benefit from this privatization exercise.

As my colleague, the Minister of Transport recently stated: "We have to ensure that Canadian grain reaches world markets as efficiently as possible. Improving global trade in this way enhances Canada's international competitiveness, a key element of the government's economic growth and jobs strategy."

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, could my colleague, who welcomes the fact that the government is providing a great deal of assistance to western farmers to help them adapt to the elimination of the Crow rate and sale of hopper cars, remind his finance minister that, over five years, he has cut \$220 million in subsidies to dairy producers, nearly half of whom are located in Quebec, without offering them any transitional help?

This same government paid \$1.6 billion directly to producers, \$1 billion to promote export and \$300 million to improve transportation—hopper cars, as the member explained so well.

• (1200)

In total, the Canadian government will spend \$2.9 billion on western grain producers, and close to \$1 billion to help three maritime provinces harmonize the GST and their provincial sales tax.

Does he not believe that his government is using a double standard?

[*English*]

Mr. Iftody: Madam Speaker, it is my pleasure to answer the member's question. I want to refer to a response by the member's former colleague and that is the one-sided picture always presented by the Bloc on these matters.

Some of the largest dairy producers in the province are in my riding of Provencher. The riding of Provencher produces almost 50 per cent of the milk in Manitoba. Of course I too was concerned about any possible decreases in subsidies to dairy farmers. I remind the member again that it was a Liberal government in the early 1970s which brought in that support system and continues to defend it also for Quebec farmers.

In specific response to his question about the subsidy, he must know, ought to know and should be telling his constituents and his dairy farmers that they have been allowed to pass those costs on, through the Canadian Dairy Association, to the consumers. Over a three or four year period, the reductions in those subsidies will be recovered by the dairy producers.

It is my pleasure here today to give the hon. member that information so he can share it with his dairy farmers in Quebec if he does not already know that.

Mr. Myron Thompson (Wild Rose, Ref.): Madam Speaker, to wrap up on the issues the member was talking about, I would like to know how much of the program is designed after this transpires. After there is privatization in the selling of the hopper cars, how much will then become farmer operated and farmer driven rather than by government? Is the government going to back out as most farmers believe they should or will it continue in this area?

One major thing that concerns all Canadians, including farmers, on which I have not heard anything from that side of the House, from the Prime Minister, the finance minister, right down the list and about which nobody talks, including the hon. member, is the huge national debt. It is literally tearing the guts right out of a number of opportunities and programs particularly in the agricultural area as well as thousands of other places.

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Why are the huge growing debt and the interest payments on it which are becoming the greatest expense we have not being addressed by any member on the opposite side of the House?

The Acting Speaker (Mrs. Ringuette-Maltais): I am sorry, but the time has expired. Resuming debate.

Mr. Jim Silye (Calgary Centre, Ref.): Madam Speaker, I rise today to address Bill C-31. I will touch on some elements in the bill. I will talk about how sometimes an opposition party that becomes government looks at things and operates. Specifically, I will talk a little about the Prime Minister and his philosophy. Then I will go on to aspects of the bill and the part in question which is the harmonization with compensation.

In reading the autobiography *Straight from the Heart* by the Prime Minister, I found a couple of quotes, which in my opinion explain to Canadians the type of thinking our Prime Minister uses. One is: "In politics, perception is everything". Another is:

A successful politician must not only be able to read the mood of the public, he must have the skill to get the public on his side. The public is moved by mood more than logic, by instinct more than reason, and that is something that every politician must make use of or guard against.

Interesting, is it not? A third quote is:

I learned early that business is business and politics is politics. The proof is how few important businessmen have made good politicians. They make think they are very smart about everything because they made millions of dollars by digging a hole in the ground and finding oil, but the talent and luck needed to become rich are not the same talent and luck needed to succeed on Parliament Hill—.Most businessmen have very limited, specialized knowledge which often gives them a narrow view.

• (1205)

As a businessman, the kind of person he is talking about, I do not believe my view is narrow enough to mislead and distort the Canadian public. The fourth quote I would like to put into context is: "If businessmen want to make the decisions, the solution is simple: they should get themselves elected to Parliament". Well I did. I am here and I am going to try to do my best to point out the hypocrisy, duplicity and failure of this Liberal government to keep their election promise.

I refer specifically to that part of Bill C-31 which appropriates \$961 million—let us round that out to \$1 billion because it rhymes with bribe—from the consolidated revenue fund to pay off or bribe as most people are saying. It is not just the Reform Party, the premier of British Columbia has called it a bribe. The provincial elected officials in Ontario have called it a bribe. A lot of people are calling this a bribe to the three Atlantic provinces which have agreed to harmonize the PST with the GST but only if they are compensated for revenue shortfalls.

I would like to review, analyse and comment on the Liberal promise, not the one to kill, abolish, scrap the GST. We have gone through that and the Liberals have admitted they broke that promise. They have admitted that they failed to deliver on that promise. That is fine. But what about the promise they put in writing, the one the Prime Minister brags about, to replace it, as per page 22 of their now dead and embarrassing red book? In that red book the Liberals promised to the Canadian public that they would replace the GST with a system that generated equivalent revenues. That is not so. They are not equivalent revenues.

The harmonization in the Atlantic provinces represents a shortfall over three years of \$1 billion and in order to induce, encourage and bribe those provinces to get on board, the government is going to pay for that shortfall. They are not equivalent revenues. The Liberals failed on that part of their promise in the red book. It does not generate equal revenues. Basically it is a tax cut for the three provinces at the expense of all Canadians. Wait until the consumers in those three provinces find out how much more they will be paying for the promises of their three Liberal premiers to the Liberal Prime Minister.

Page 22 says that this replacement tax will be fairer to consumers and to small business. I will agree it is fairer to small business. It does improve the situation for small businesses. They will have one tax to collect and one tax to remit. They will have a choice on how they can do it. There is no question that it does streamline it for the businesses. However, it will not be fair to the consumers. The consumers will be the ones who will be paying a greater portion of the tax in those provinces.

If we look at what goods and services the retail sales taxes are applied to or exempted from in New Brunswick, Newfoundland and Nova Scotia, we will find many that are exempt from the PST but will now be taxed with this new 15 per cent GST. Although the provincial rates go down on the PST, the combined rate will increase taxes on a lot of items that are in the service industry.

Work done by construction companies will now be taxed. Certain footwear, children's clothing, hair cuts. All these items will now be taxed. Funerals, pharmaceutical and medical supplies, mobile homes, utilities such as water and heating oil in the province of New Brunswick. Most of the lists are the same. Children's car seats, postage stamps and coins. We read about that in the paper today. The revenue minister did not even know there was a tax on stamps. Many labour charges, wood burning stoves, wood splitters, hand crafted products. These are all things on which people have not had to pay PST but will now have to pay tax. This is where it is an 8 per cent tax increase to the consumers in those three provinces who have allowed their premiers and their governments to harmonize with compensation.

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• (1210)

The harmonization we support and we say works is one that is revenue neutral. It combines the two rates into a single rate and is applied to all things so there is the lowest possible rate. However the government did not do that. It chose to do it another way. The government chose to do it so that no revenues are lost on the GST portion. The premiers of those three provinces can promise their people a tax cut which will be subsidized by all Canadians. It is distorting the economy and creating unfair competition. That is not the kind of harmonization our party supports.

When the Prime Minister says that the Reform Party supports that kind of harmonization by quoting the minority report of the Reform Party, he is once again distorting and stretching the reality of what we said in that paper. He is taking it out of context and I take exception to that.

That is why I quoted the Prime Minister. It is not reason or logic that matters. What matters in his own words is the mood, and make sure that programs are matched to the mood of the people, and instinct. Whatever you can get away with, do it when you can. It will only be a short term hit. It will only be criticized for a while and then away we go, we are off to the races. That is why the quotes in my opening comments are very, very important.

In a speech at the University of Prince Edward Island in October 1993 the Deputy Prime Minister had the following to say about the GST: "Food is not subject to GST because it is a necessity. So are books. They are needed for young minds to grow". If she still believes what she said during the last election campaign, then why has her government not only not removed the GST from reading materials but in harmonizing the tax systems in Newfoundland, Nova Scotia and New Brunswick has effectively doubled the tax on reading materials?

Also, the current chairman of the Standing Committee on Finance, the hon. member for Willowdale, had this to say about the tax on reading materials, a tax his government has now doubled: "The government is proposing to add to its GST by taxing the printed word. It strikes a blow at learning, the transfer of information". That is what the hon. member said in the House. What does he say now about increasing the tax on reading material to 15 per cent from 7 per cent?

There is more. The Minister of Health urged the government to "axe the tax and prevent the GST from being presented on books and literature". Believe me, there is more.

I ask the Deputy Prime Minister, does she now support a tax on reading, a tax that will now double which will make it even more difficult to deal with Canada's literacy problem? This is a tax she promised to scrap, not to double, as her government is doing now. Going for mood and instinct rather than logic and reason is not the way to govern a country.

We go back to the promise on page 22 of the red book. We have analysed whether it generates equivalent revenues. Not so. Fair to consumers and small business is only 50 per cent true. It is fairer and simpler to business but unfair to consumers and wait until they find out.

I am only talking about page 22. The Liberals promised to replace, not scrap, not abolish, not kill, simply to replace. That is all. Have they met their promise as the Prime Minister claimed yesterday? That is all I am trying to establish here today. I am laying evidence and putting forward the argument that the government has failed to do so.

The third element is "promotes federal-provincial fiscal co-operation and harmonization". I submit it is not so. What kind of fiscal co-operation is it with three provinces out of 10? The province of Quebec is angry and Alberta is saying: "We share. We contribute \$2 billion to the GST. Where is our share of that subsidy?" Is Ontario happy about it? No. That is not fiscal co-operation. It is fiscal disharmony, not harmony.

Who asked for this? Did those three provinces in Atlantic Canada ask for this? The answer is no. None of the provinces across Canada asked for it. I was on the standing committee when this was reviewed. I listened to the witnesses in the spring of 1994. I was a co-author of our minority report on the GST replacement. Nobody in the provinces asked for it.

• (1215)

From the witnesses and the discussion of the MPs around that table, we knew it would have to be a federal initiative. The government would have to go to the provinces, lay out the advantages and do the sales job. None bit until the word compensation came in and until the government lowered the rates in those three Atlantic provinces to 15 per cent combined instead of the 19 per cent they have now.

That is when this took on some life and when the son of GST, which is being nurtured in the three Atlantic provinces, comes to life. Only when the government subsidized a tax cut did these three provinces even agree to go further.

As the chief finance critic for the Bloc Quebecois has mentioned, this is a politically motivated agreement. This has nothing to do with economics. This increases the tax burden on consumers in those provinces. This is uneconomical and inefficient for consumers. It will cost more to their pocketbooks.

In opposition the current finance minister said: "If you ever merge the federal sales tax, the GST, with provincial sales tax, the PST, it will be very difficult to get rid of the GST". Now that he is the finance minister what has he done? If it was bad in opposition three or four years ago, why is not bad now? When a person promises to get rid of something why does he go about entrenching

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it? That is exactly what the finance minister has done. It will be very difficult to ever separate the two.

Those three premiers, to brag about a tax cut, have now lost their autonomy over their own rates. How in heaven's name will those three premiers argue with the federal government when they are a little short on revenue and want to raise their share of the PST or the GST? The federal government will say "no, it is the GST. We collect it, we set the rate and it is staying at 15 per cent. Tough. Do it through the income tax".

One of the three provinces is already presenting legislation in its legislature to increase personal taxes. The price that one of these provinces has to pay will be enormous. This does not create federal-provincial fiscal co-operation and harmonization. It is exactly the opposite.

The finance minister has now basically entrenched the GST in the lives of those three provinces. In an effort to sell it everywhere else, we are talking about words like mood and instinct: "this is the time to do it, we have the majority, we will force it down their throats". People did not forget Brian Mulroney after forcing the GST down their throats. People will not forget what the Liberal government is doing.

What a joke, closure on a debate as important as this. We are talking about a billion dollars and the advantages or disadvantages thereof and the government has introduced closure. It wants to limit debate on this because it wants to get going. It brought it in really fast under ways and means. A hundred changes, all the little things we could all be contributing toward making it better; but no, it wants to go ahead and do it without all that. That is not democracy.

In opposition the Liberals cried, bellyached and whined every time the Conservatives introduced closure. Now they have done it more times in two and a half years than the Conservatives did it in their whole term.

The Liberals are looking for and promoting support everywhere. They are begging for people to show the advantages of it. When the Canadian Federation of Independent Business supports it, they are talking about only a narrow sector. It is a special interest group, a small business. However, they do not talk about the consumers who buy the products of those business and how much more they will have to pay.

I would like to ask the president of the CFIB what the answer to that is, transferring the tax from businesses on to the consumers of their products. I hope they are proud of that. When they get one accounting firm out of the millions across Canada to support their proposal they get the media to put it on the front page and support it. This does not make economic sense overall.

Bits and pieces of it make good sense and are positive. There are things that can be done constructively to make things better if we

really want to do it the right way. However, I do not believe the government has the interest to do that.

The Liberals even claim the Reform Party supports harmonization. I state unequivocally right now in the House, the Reform Party is against and does not support harmonization with compensation. Do members know what will happen a week or two from now? The Liberals will take what I said today, because they go by mood and instinct rather than by logic and reason, and say "he said something, let us use it against him". They will say "that member stood in the House and said he was against harmonization, and now he is flip-flopping".

• (1220)

They forget I said "with compensation". A single tax instead of two only makes sense. A single tax instead of two is better in terms of efficiency and simplicity, but we never said anything about driving somebody if there is a shortfall. If the combined rate still takes the same money out of our pockets, why bother?

They have not given the transition cost alone of doing this in those three provinces. All they talk about are the lost revenues. The complications of a value added tax system that exist for a lot of people will still be there. It does not eliminate all the exemptions, the zero rated, the tax exempt and all of those complicated rules.

I put on record that the Reform Party was against the GST replacement proposal of the Standing Committee on Finance, and it said so. Reformers then complimented the Liberals on their efforts in reviewing harmonization. They spent a lot of time, as did we all, exploring that. However, in the final analysis we said we could not concur because the way to do it is to first get their fiscal house in order and establish a balanced budget. After they do that they can introduce a more simple and visible form of taxation along the lines of a proportional flat tax. That is what we recommended. They dismissed that.

There is another distortion. The finance minister stood in the House and said they had explored all of the alternatives. That is not so. The one that was not reviewed, the one that was not looked into, was the one from the hon. member for Broadview—Greenwood. He, along with a number of members from the greater Toronto area, with the support of about 20, 30 or 40 Liberals, suggested a flat tax to simplify the tax system and then get rid of the GST altogether. It would save the country \$2 billion, \$3 billion, \$4 billion, \$5 billion—up to \$10 billion. Get rid of it and use a simplified tax system.

The chairman of the Standing Committee on Finance said: "Given the time constraints we have, we cannot explore this. It is too massive a change and we cannot explore this alternative". Therefore it was dismissed. It was not reviewed. It was not considered. The minister stood in front of Canadians and said they

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looked at them all, 20 different proposals. This is not so. There is one they did not review, one which our party will pursue.

I move:

That all the words after the word "That" be deleted and the following substituted therefor:

this House declines to give second reading to Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, since the principle of the bill does not seek to abolish the goods and services tax.

The Acting Speaker (Mrs. Ringuette-Maltais): The Chair will deliberate on the proposed amendment and will return to the hon. member.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Madam Speaker, it is interesting to sit here over time, as the hon. member and I have. We were both rookies in 1993. I am truly saddened to listen to his diatribe this morning with its misinformation and distortions.

The Reform Party arrived here supposedly speaking for business, big and small, and yet when things are done by the government which are applauded by business or by the Fraser Institute, which it used to quote all the time, it suddenly does not mention them any more. The Fraser Institute applauded the budget, the subject of this implementation bill.

• (1225)

Suddenly Reformers are not the friends of business. The other day we heard them attack profits. Today we have heard an attack on small business, the Canadian Federation of Independent Business. They threw the gauntlet down and said "how dare you tell us this will be good for business". In their opinion—it is always their opinion and no one else is right—this cannot be good for business and this cannot be good for Canada.

I am glad the hon. member opposite admitted he was a member of the finance committee at the time we brought out our report on the GST. He signed a minority report. I believe he was still a member if he was not being disciplined by his party for disagreeing with it on this or other things. Reformers supported harmonization on the broadest possible base; food, medical devices, everything. They wanted it because as they said in their minority report it would effect the lowest possible rate.

It is nonsense to suggest they thought a flat tax would replace the GST. He is quite correct to say flat tax was a huge undertaking that would require enormous study and had the purpose of a complete revamping of the entire tax system, not a replacement for the GST.

As for compensation, it is incredible that now the member opposite qualifies his support for harmonization by saying "of course, we never thought about adjustment".

I ask him, as I have asked him before, to comment on whether it is inappropriate for one region of the country to offer adjustment assistance to another region of the country for structural change. In particular, could he comment on the state of the wheat industry, the wheat sector, wheat farmers and the compensation they are receiving as a result of budgetary structural change over the last few years. Could he elaborate again, if he dare, on his suggestion we are somehow stifling debate.

We have moved on the issue of the length of this debate only when it became apparent from the member opposite and his colleagues they had no intention of discussing anything in this bill other than one segment. There are many pages to this legislation. They have not yet commented on the CHST, on UI, on seniors. He says all they are talking about and all that is worth talking about is this issue.

I wonder if he would acknowledge, and I would be happy to retract and say I am wrong, that we have been debating more than the GST here. It would be wonderful to hear more from the member's party and the official opposition on many of the other important things in the budget.

Mr. Silye: Madam Speaker, I have worked with the hon. member on the Standing Committee on Finance and I still do. I respect all the people who try to give their best efforts here.

I am sorry if he is saddened, but it is pathetic to listen to his diatribe. It is totally pathetic to stand up and say to Canadians that all we have talked about is this portion.

I talked only about this portion because we were told only an hour before proceedings yesterday that the government had a deal with those three provinces. That is how much notice the finance minister gave the opposition parties that the deal was in place. We are supposed to get our act together and find out what is good about it and bad about it an hour before, listen to the whole diatribe and then go through it?

The member for Capilano—Howe Sound gave a complete dissertation on UI and the problems with UI and how the government is using that as a way to fund the deficit; \$18 billion in revenues, expenses have dropped from \$17 billion down to \$12 billion, and it is putting that \$5 billion away into its cash flow and using it to meet its deficit targets.

If the government only had a ceiling on UI, a \$2 billion ceiling, capped it and then lowered the rates for business and lowered the rates for employees, it would be a tax cut. A tax cut would help consumers and businesses and would stimulate the economy.

No, the government is not doing that. It will save that \$5 billion and apply it to the deficit. If the government did it the way it should the deficit targets the finance minister has set out would not have been reached.

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We have spoken about more than one thing. I am sorry about losing my cool a little.

On harmonization and subsidies, what is being subsidized is not grain. What is being subsidized is not unemployed people. What is being subsidized is not giving money to the needy. It is subsidizing a tax cut to three provincial premiers who will brag that they brought in tax cuts.

When in heaven's name did we ever start subsidizing tax cuts across the country? That is all this is. It is not a disruption mechanism. The rate in the province dropped from 19 per cent down to 12 per cent. In one province that is a 7 per cent drop. It is a loss of revenue and the government is subsidizing it, plain and simple.

• (1230)

With respect to the Fraser Institute, I am sure Mr. Michael Walker just had a weak moment in praising the Liberal budget. If he reviews his comments about the \$111 billion which the government will have added to the debt when it exits, I would think the Fraser Institute will change its tune pretty darn quickly.

The Acting Speaker (Mrs. Ringuette-Maltais): After consideration, the Chair will accept the proposed amendment.

Mr. Alex Shepherd (Durham, Lib.): Madam Speaker, after listening to the member for Calgary Centre I have decided to change my speech somewhat to include a discussion of consumption taxes.

I also served on the committee that travelled across the country. We talked to not just every day Canadians, but businesses and people in policy administration.

It was interesting when we got to the maritime provinces. I discovered the problems those governments were having in dealing with the revenues that were being generated through their provincial sales tax systems and what they were doing with them. When we talk about money being transferred through taxation systems it is important to not only consider taxation itself, but to also consider the other side, what does it do?

In Newfoundland much of that money went toward supporting its health care system. In your province of New Brunswick, Madam Speaker, the health care system and the educational system are among the systems for which province uses the money.

Industrialization has brought a changes over the years, indeed some will say over the centuries. The maritime provinces have seen a reduction in their industrial base. This has put great strains on their financial resources to maintain services which are similar to those in the rest of Canada.

The change in rates from 19 per cent to 12 or 13 per cent in some provinces is positive in a number of aspects. We must consider that through the process of equalization payments the wealthier prov-

inces are already transferring moneys to poorer provinces. Whether they are given a subsidy or an implementation or a structural change which allows those provinces to change those rates for a brief period of time or whether it is transferred by way of equalization payments, it is all the same.

This is a better system. It allows those provinces to reduce the retail sales tax. It also allows them to move toward a more efficient tax. What do I mean by that? A retail sales tax by its very nature taxes business inputs. To put it simply, in my own riding, General Motors is a big manufacturer. The automotive sector accounts for approximately 6 per cent of our GDP. Because the province of Ontario levies a retail sales tax, General Motors will pay that tax on some of its input costs. For example, if it buys stationery and adding machines for its offices, it is paying retail sales tax as it is an end user.

As businesses are not social institutions, they transfer those costs on to consumers. The people who buy automobiles manufactured in the province of Ontario pay retail sales tax. They are paying a portion of that retail sales tax when they buy the automobile.

• (1235)

The province of Quebec has already harmonized its retail sales tax system. It does not have a retail sales tax, it has a value added tax, the GST. Through the administration of that tax, those companies which export their products worldwide are able to take the tax off those products. To show how ridiculous it is, within Canada there are nine retail sales taxes and one federal sales tax.

In the province of Quebec, General Motors in its plant at Sainte-Thérèse is able to take the retail sales tax out of that product. In other words, it can ship cars from Sainte-Thérèse, Quebec into the American market cheaper than a similar plant in Oshawa if only the retail sales tax is considered. Therefore, retail sales taxes have a very negative effect on exports. The export sector accounts for something like 30 per cent of Canada's GDP.

The government's move to harmonize taxes is very positive. A plethora of people are in the tax collection business. There is tremendous duplication. The governments in Fredericton and Charlottetown, and others, collect their own retail sales taxes. Some are having great difficulty. The administration of the retail sales taxes in those provinces has great inefficiencies in collecting taxes. Some fully admit that a lot people in those provinces have been able to escape the retail sales tax system.

It is very easy to escape the retail sales tax because it is a single stage tax. If you do not pay it once you sneak away from it entirely. The value added tax is a lot more difficult to escape simply because every stage of production adds a tax. If I buy something from one person I get a credit for the GST that has to be paid if I use it in my business. This is not so in the retail sales tax area. A lot of those provinces have had difficulty in the simple administration of the

tax. There is no question the retail sales tax, compared to a value added tax, is a lot less efficient tax.

What I really want to discuss today is the whole area of consumption. That is what this budget implementation bill is really all about. Everyone is very concerned to make the Canadian economy more efficient and to create a degree of harmonization across Canada.

Next Tuesday is the deadline for people to file their income tax returns. If there is one thing that unites us as a nation, although we might have a common dislike of the event, is the once a year requirement to file a federal income tax return. Generally speaking, the rules and regulations in the Income Tax Act are the same whether you live in British Columbia, the Yukon, Quebec or in Prince Edward Island. It is a commonality that happens across the country.

I have encouraged the Minister of Finance and I believe he has taken it somewhat to heart that what has to be achieved through the harmonization process is a consistent rate across Canada of the GST. Why would I say that? When I was in Newfoundland I was surprised and shocked to discover that there is a tremendous business in mail order sales. People buy things through the mail from Ontario rather than going to downtown St. John's or Cornerbrook to buy from a local retailer because the retail sales tax in Ontario is 3 or 4 percentage points lower than in Newfoundland.

In other words it was a negative for the people in Newfoundland. People were not buying their products from the local retailers but from Ontario solely because Ontario had a lower retail sales tax. The province of Alberta would gain the most because it has no retail sales tax.

It shows how the country gets into these ridiculous economic situations. It should be the end objective of the GST legislation that all provinces come onside so the rates are the same across the country. Then there will not be the problem of products moving between jurisdictions or how the rates are adjusted. This is just a ridiculous situation. People say a consumption tax is a lot fairer tax.

• (1240)

I heard the member for Calgary Centre talk about how we should have a flat tax. I say that a flat tax is not an efficient or fair tax. With a flat tax interest would not be taxable. The banks of the country must really embrace the Reform Party because any interest earned on revenues under a flat tax system would not be taxable.

A flat tax would take the tax burden from the wealthiest and shift it to the middle income earner, those people making \$65,000 or \$70,000. In the Reform Party's magical world those people would be paying more taxes than wealthy people.

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The President of the United States said: "I do not understand a flat tax. Everybody over \$200,000 is going to be paying less taxes and those people in the middle income brackets will be paying significantly more". That says a lot about the Reform Party and who it represents.

As members will recall, Steve Forbes advocated a flat tax when he ran for the Republican nomination for president. I read an interesting comment which I will paraphrase because I do not have the article in front of me. It pertains to Steve Forbes.

The magazine said that the companies that Mr. Forbes owns, *Forbes* magazine and others, stood to gain \$3 billion from the implementation of a flat tax. The magazine went on to say that it is not a fair tax and is not something America wants. I was not reading a leftist magazine. It was called *Money* magazine.

People who deal in this area know that the flat tax is not a fair tax. I can only suggest that the Reform Party is representing those who are not the common people of the country.

A lot of people think a consumption tax is a fair tax. It is a discretionary tax. If we do not buy that new car, we do not pay the tax.

The reason I want to talk about it is because I am personally very concerned about the level of consumer credit in the country. The government is also concerned about it. If we look at the budget and the dedication to reducing the debt and deficit, it is part of the process of getting the economy back on its feet again.

There has been an alarming growth in consumer credit. I talk about disposable incomes. Ninety-two per cent of disposable income in the country is now committed to fixed debt payments. That is the cheque taken home every week. In looking at the financial statements of the banks it does not take long to realize how that has changed. There has been a tremendous growth in consumer debt with our financial institutions.

Is that healthy for our country? There are some other interesting statistics coming from Stats Canada telling us that personal bankruptcies are at an all time high in the country. The banks will tell us that the reason they have to keep credit card interest rates so high, 18 per cent when interest rates have been declining, is because of personal bankruptcies.

Which is the cause and which is the effect? Are there personal bankruptcies because the banks have loaned all these people money to finance personal consumption? Or is it the other way around? I suggest that we have an alarming problem in the growth of consumer debt.

It is not unusual for the banks to send out credit cards to all university students, people who do not have a way to pay them. They are getting into debt at very early stages of their lives. I was alarmed the other day when I saw an ad which read: "Go to Costa

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Rica for \$85 a month". That was the end of the message. For \$85 a month, someone can go to Costa Rica and have a good time on the beach. That is \$85 a month for another year of their life. Many people are susceptible to that. A lot of people who are under stress and strain today are susceptible to such escape mechanisms.

• (1245)

What we are doing is compounding people's debt problems and they will never get out of these situations. Many of our young people think they are never going to be able to own a home because they are entrapped with consumer debt.

Governments try to help people such as ours has done with RRSPs in the last budget. We have recognized that a lot of people are not able to utilize those RRSPs. In their younger years they may be doing other things and are not able to save that money. We allow them to transfer those credits and eligibility for RRSP deductions. We allow them a second crack at it.

When I talked about 92 per cent of disposable income going into supporting fixed debt repayments, that is across this country. If we look at it intergenerationally and at people under 45 years of age, we will find they actually have negative consumer income.

Why is this a bad thing? It is bad because most recoveries in the economy have been driven to some degree by a prior mandate of savings. In other words, people save money to buy big ticket items, such as a car or refrigerator. We have allowed our financial institutions to so eradicate the concept of savings that people can no longer afford to buy anything.

I was interested to hear some of the statements of one of the manufacturers in my riding, General Motors. It said that in Canada the actual sales of automobiles is declining. The types of sales that are occurring are for smaller vehicles which cost less money.

People are holding on to their cars much longer than they have ever done before. The average age of a car is something like eight years now because people do not have any money. They have spent not only all the money they had but they also went into debt to financial institutions to finance an automobile, a house and now consumption.

How many times have we gone to a liquor store and watched somebody slip a card through the credit machine? In Canada, the average debt held on a credit card is something like \$1,500. Think about that when we say 25 per cent of the people pay it off every month. The real average of those people who do not pay off their cards is astronomical.

We have developed a whole culture of debt. That has not happened before in Canada. These are alarming figures. I had an opportunity to discuss this with the Governor of the Bank of

Canada. He too questioned whether these were not alarming statistics.

I am bringing it here to the House of Commons because I would like to alert parliamentarians of the real concern that not only I but many other people are starting to have about the growth of credit in this country. We should think about curtailing it. How do we curtail it?

Financial institutions are regulated through the Bank Act. We have had discussions about whether they should be selling insurance. Now they tell us they want to lease cars. Do we want our financial institutions to have such a hold on our economy that we cannot create growth?

People do not have the savings in order to gain stability, and stability is another big feature of this. People do not feel stable any more in their own environments. They are not even sure whether they will have their jobs next week. That is compounded by the huge debts they have built up.

Watching the bankruptcy statistics will only give further proof that we are pushing a lot of people into financial situations they cannot handle. Governments have problems with debts and deficits. An important thing we are forgetting is that generally people also have significant debt and deficit problems.

• (1250)

In conclusion, I am very supportive of the budget implementation legislation. I am very supportive of what we are doing here in Ottawa to get the government's fiscal and financial house in order. I believe as our debt and deficit come down, disposable income will start to rise. Hopefully in three or four years we will start to see reductions in tax rates occur in this country to free up more disposable income for the average Canadian. Then not only will Canadians be able to save for their future but they will also be able to invest in items to support our manufacturing sector.

[*Translation*]

Mr. Gilbert Fillion (Chicoutimi, BQ): Madam Speaker, in his speech the hon. member talked about many things and nothing at all. He forgot to tell us that the federal government was having all Canadians and all Quebecers pay for harmonizing the GST with the maritime provinces. We will have to pay almost \$1 billion for this harmonization. I repeat that Quebec, when it harmonized, did not get any compensation.

Another thing he could have talked about, because we did not learn anything, is that by harmonizing the GST the federal government is interfering directly with the provinces' autonomy since they will lose full control over the taxation rate and the tax base.

In preliminary discussions, the Bloc Quebecois had suggested to the government that it could solve two problems at once in this area. First, abolish the GST and give the whole field of indirect

taxation to the provinces, and then obtain some form of compensation for the federal government's losses. The federal's compensation could have taken the form of reduced cash transfers to provinces.

In this way, the federal government could have maintained its financial balance and the provinces would have regained control of their fields of taxation, therefore their autonomy. Then, we could have done away with the Canada social transfer and each of the provinces would have had the right and the power to manage, and manage completely, the areas of health, education and social assistance.

I would like my colleague to answer the following question: Why have they brushed aside this solution which would have been much more equitable for all Canadians and all Quebecers?

[English]

Mr. Shepherd: Madam Speaker, I have heard the Bloc Quebecois members mention many times the necessity of creating a Canadian common market. Even in their strange world of a separate country they see the need for a common market. The European Union has been wrestling for decades to harmonize consumption taxes within its jurisdictions.

The member mentions that they need their independence because they want to create new and wonderful bridges and walls. We are spending time here on another piece of legislation, the agreement on internal trade, which attempts to reduce barriers between the provinces. Why? To support commerce. Why? Because the erection of artificial barriers is inefficient. The bottom line is that everybody pays for that because we do not get the best and most excellent in our economy.

• (1255)

It is in the best interests of all Canadians, Quebecers included, that we have a harmonized rate system on our consumption taxes. We are not going to tell the province of Quebec how to spend it. That is Quebec's choice. That is how we respect constitutionality under federalism. To say that we want a 25 per cent rate in the province of Newfoundland instead of 10 per cent, the bottom line is that we cannot conduct commerce in this country, we create artificial barriers to carrying on business in this country which is not in the best interests of developing a unified common market.

To answer the member's question, he cannot have it both ways. He cannot argue at one point that he wants a common market and then turn around and say they want to fix their tax rates differently from everybody else. It just will not work.

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[Translation]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, I would like to verify something with my distinguished colleague, who sat on the finance committee.

There are two points that disturb me in Bill C-31 regarding the harmonization of the GST with provincial sales taxes in the three famous provinces with which the finance minister has cooked up an agreement. The first one is the 15 per cent rate. Does the hon. member feel that the finance minister woke up one morning and said to his wife: "All right, it will be 15 per cent"?

At the present time, two provinces are paying almost 19 per cent altogether in GST and PST, and Newfoundland is paying almost 20 per cent. People of these provinces are already paying these rates. Our good finance minister probably woke up one morning and said: "It will be 15 per cent". To make the medicine easier to take, he added: "I will give you \$1 billion over four years and in cash, immediately. That will help you pay for kleenex to forget the money not collected, 4 or 5 per cent, as the case may be". I would like the hon. member to give me his views on that, since he sat on the finance committee. Why 15 and not 16 or 12 per cent?

Second, when that party was sitting here on the so-called official opposition benches, it fought against a hidden GST and convinced Mr. Mulroney not to hide it in 1990. At the time, you said it would be increased, just as you are increasing taxes on gasoline, tobacco and alcohol.

Today, you are hiding it. Of course, you will tell me: "We will have the sales slip". Who looks at the sales slip? You? No, I do not think so. I, for one, never check it. What counts is how much I pay and how much change I get back.

[English]

Mr. Shepherd: Madam Speaker, why is it 15 per cent was the question. Studies have been done on tax policy throughout the world and I will refer to the European Union; we do not want to use the Canadian example. Studies will tell us that consumption tax rates in excess of 15 per cent are almost impossible to collect. I suggest that the province of Newfoundland was probably having a considerable amount of difficulty collecting the 20 per cent tax.

If the tax is reduced to 15 per cent, and it will also be in a value added tax system, more revenue will actually be collected. I suspect the tremendous amount of efficiencies in doing a rate reduction will actually expand the tax revenue in those provinces. In fact the exposure to the federal government will be even less than has been suggested.

The second matter the member spoke about was the concept of a hidden tax. I for one have always thought it was important to have

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the tax visible. When I served on the committee and went across the country, I listened to Canadians. They told me over and over again that they do not want to see it. The bottom line is we have turned the country into a nation of bookkeepers and accountants.

• (1300)

If we go to Chicoutimi and there is a dress on a rack which is \$100, we cannot figure out how much it cost when we leave the store. People do not to deal with it.

If we want to make it a visible tax, we should make it visible here. If we want to change that 15 per cent to 16 per cent, we should do it in this forum so that everyone can know the rate is changing.

When we go to a gas station, we do not get out of our car to check the metre to see how much tax was added. Maybe we should. The bottom line is most people do not want to do it.

We are doing what people have asked us to do. That is the democratic process.

[*Translation*]

Mr. Jean-Guy Chrétien (Frontenac, BQ): Madam Speaker, I rise today to speak to Bill C-31 introduced by the Minister of Finance. This bill makes me somewhat uncomfortable in light of our basic duty, namely debating issues in the public interest and trying to meet as adequately as possible the real needs and basic concerns of those who elected us, without being gagged as is now the case.

In a way, I feel bad about having to speak to such a pernicious and insidious bill. I deplore our having to debate such a bill, which results from a long and laborious plot orchestrated by the hon. member for LaSalle—Émard and supported by the Right Hon. Prime Minister and member for Saint-Maurice, who both represent Quebec ridings.

I must tell you, however, that the support I received from those around me and from many of my constituents have made this a memorable moment in my life as a member of Parliament: acting as the spokesman for an entire community for whom the minister is nothing more than some sort of abstract entity.

When a family man, who turns out to be one of the many victims of the axe wielded by this federal Liberal government, comes to my office to ask for my help in finding work, I feel proud of what I am doing now in condemning this insidious bill as vigorously as possible.

The hon. minister has probably never experienced a situation like that of the family man I just mentioned, at least not personally. Yet, his bill directly affects hundreds of thousands of people who are not necessarily among the disadvantaged or the poor, far from it. This bill, a hodgepodge of tax provisions contained in the last

budget, concretely affects the middle class commonly and bluntly described as overtaxed.

While government members applauded the minister's cosmetic budget on March 6, we warned the people against the negative, hidden impact of that statement, whose only purpose was to win votes. Well, here we are. We must now discuss the absurdity and emptiness left behind by the March 6 budget.

• (1305)

The bill in question stems from the same logic that has dictated the government's actions ever since October 1993, and it was acting in good faith—I repeat, in good faith. In fact, the government is enacting a whole series of legislative measures that are so underhanded that it is actually pulling a fast one on the public.

Watching the minister struggle with the media these past few days, I came to the realization, with some astonishment, that all the government is trying to do is to lull the public, deliberately playing with abstract concepts, to make almost everyone lose interest in the process. Who are the big losers in all this? All politicians. Such strategies, understandably, shatter the public's confidence in its politicians.

I have been repeatedly calling the House's attention to a recent opinion poll in which, out of a sample of approximately 40 professions, people were asked which professionals they felt they could trust the most, the least and not at all. You will be surprised to hear that barely four per cent of Canadians trusted their politicians. Although, when we see the Prime Minister, during oral question period, arguing high and low that he did not say that the government would abolish the GST he had condemned so strongly and taking his red book out—which is against the rules—to read a little excerpt that comes in real handy to get him out of this mess, it is understandable that the percentage is not any higher.

It is a good thing that modern technology enables us to produce videos of the 1993 election campaign, in which the Prime Minister and member for Saint-Maurice, in Quebec, can be heard saying, in his very colourful words: "We hate the GST and we will kill it. We will scrap it". This is a strange way to scrap it. Today, he is proposing to hide it, through harmonization, at Canadian taxpayers' expense. We will have to pay the tidy sum of \$1 billion to try to hide the mistake he made during the 1993 election campaign and the Liberals' mandate in the opposition, when their friends filibustered in the other place.

Now in power, these same politicians are gagging us. The two young Quebec scholars who recently joined the Liberal team must not be too proud to see the government act against their principles of justice and respect for the people. This is tantamount to saying "we love you", but not showing it. And it is because of prime ministers and members like these that barely four per cent of the population trusts politicians. Our scholarly friends were better off in

their universities; indeed, the confidence rate in universities is significantly higher.

I am not trying to criticize the government's goals to reduce the deficit and to improve the state of public finances, quite the contrary; these are very noble and praiseworthy objectives.

• (1310)

However, I strongly condemn the method used by the government to reach its goals. I am merely trying to show this House the true colours of this government formed by the Liberal Party, the party of forgotten promises, the party that has become a master at promising changes without ever doing anything.

As you know, these blunders cannot be attributed to the government's good faith. I often use the expression "good faith", because the Minister of Finance seemingly made an honest mistake. An honest mistake, can you believe it?

Abolishing the GST was the Liberals' favourite theme during the October 1993 election campaign. Today, in all good faith, they decide to keep this tax and to hide it, as is the case with the taxes on gasoline, tobacco and alcohol products. I challenge members opposite to tell me that, when they last filled their tank, bought a pack of cigarettes, or got a bottle of alcohol or a case of beer, they inquired about the amount of money they were paying in federal or provincial taxes.

Mr. Speaker, I am sure that even you did not check that. Yet, it would be a good thing to do.

This government, and more specifically the Minister of Finance, will hide the GST in at least three provinces. This takes some nerve. While they sat in opposition, the Liberals were opposed to hiding that tax because, they said, the government would gradually increase it. Yet, these same Liberals will turn the GST into a hidden tax.

This really contradicts what the Liberal Party said in its red book. But this does not seem to affect the logic of the members opposite. Even individual promises are not being fulfilled. Indeed, as we are speaking, the Prime Minister should normally be in the process of replacing the Deputy Prime Minister, since she had pledged to resign. She made that promise. Remember, you were there. If such is the governing authority in our political system, let me tell you that I prefer, by far, my status as a member of the opposition to being associated with and sitting behind this Prime Minister and this Deputy Prime Minister.

Government members should show more judgment when developing their election promises instead of having to eat humble pie, as the finance minister did, in shouldering the full weight of the Liberal pipe dream when he admitted several times that he had made an honest mistake.

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Ultimately, knowing what the Liberal Party is capable of, we could very well have accepted the notion of harmonization of the GST and PST, had it not been for these concepts of compensation. Unfortunately, the government only succeeded in jeopardizing once again the fairness and the balance in this country's tax system. When Quebec harmonized its sales tax with the GST in 1991 under the Conservative government of Brian Mulroney, it did not demand compensation.

• (1315)

Five years later, Liberals have the gall to pick the pockets of all consumers and voters to the tune of \$1 billion for three provinces, to get them to come on board and get out of a mess they got themselves into, in the first place.

I figure that we, in Quebec, will fork out close to \$250 million that will be paid to these three Maritime provinces led by Liberal friends, including Brian Tobin, a former member of the rat pack who sat in opposition with our Prime Minister and who went on to become the premier of Newfoundland. Quebecers will pay \$250 million to these Liberal friends literally to buy off these provinces, namely Nova Scotia, New Brunswick and Newfoundland. It seems that the net result of this operation will have to be figured in votes and not in terms of economic recovery. A provincial election is expected in Prince Edward Island very shortly and then it will only be a matter of days or months before a fourth province joins the process.

In the end, the Minister of Finance will have bought the support of four provinces for only \$1.2 billion. That is \$1.2 billion of your money, Mr. Speaker, and the money of the new minister, who is considered an intellectual in Quebec, by the way, as well as my money and the money of all the people who have elected us to represent them in this House. The worst thing of all is that the Prime Minister is heartily approving the poor performance of his government since the beginning of the 35th Parliament.

This is what the Liberal government of Canada stated: "This government has consistently acted on the principle that the state and the people need to be able to see structural change coming and to adjust to them". Right now, Canadians are trying to adjust to the broken promises of the Liberals. Many arguments are used to try to relate all this to current events, but that usually puts the government on the spot. It is obviously some kind of strategy.

Now for justice and fairness. This great principle does not seem to have been included in the honour code of the Liberal Party currently in power, at least not as far as the distribution of adjustment assistance is concerned. As an example, a reminder, here is one of the many erroneous, if I may so express myself in this House, statements that were made: "We have provided resources to ease the adjustment in response to the elimination of the Crow rate, \$1 billion". You are signalling me that my time is almost up, Mr. Speaker, but I would like to tell members what a number of my constituents said to me last week about the finance minister. A group of citizens pointed out that the most influential

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shareholder in Canada Steamship Lines, our very own finance minister, registers several of his ships in the Bahamas. Dominique Joly, Hélène, Josée and Vincent told me that the finance minister registered a number of his ships in the Bahamas, apparently to save on taxes. As they told me: "If that is a good finance minister, then Heaven help us". They also told me that he often bought his ships and had them refitted in Asia, because it seems that it costs less there.

• (1320)

This is a fine sort of government. When the Minister of Finance goes all the way to Asia to buy things, when we have, right here, factories that can build very good ships, ships that Canadians would be proud to build. In fact, there is a great factory in Saint John that could build the ships needed by the finance minister.

In closing, I wonder if the Liberal MPs are proud of their government. I can tell you that the day after that party turfed out one of its members, with my name bearing as you know such a close resemblance to that of the Prime Minister, I received seven calls in the space of an hour and a half—Patrick Saint-Jacques can confirm this—from citizens in the Ottawa area who were telephoning my office here, in the belief that it was the Prime Minister's office, to speak out against the way the member from the Toronto area was treated.

Hon. Pierre Pettigrew (Minister for International Cooperation and Minister responsible for Francophonie, Lib.): Mr. Speaker, I would like to start by thanking my hon. colleague for acknowledging my intellectual capacities that are recognized all over Quebec. These are very necessary for understanding issues in depth, and yet they have not prevented me from spending the past twelve years in the business world, creating jobs on the international level for Canadian companies that are open to the world.

I would also like to say that I am extremely proud to have been elected to the Liberal team this past March 25, although I am being told I ought to be ashamed of it. I would like to point out to him that I won with 60 per cent of the total vote, whereas in 1993 we got 52 per cent. That means that, even without talking about the GST, we have improved our performance at the polls, while the Bloc has dropped from 39 per cent to 34. I would therefore ask the hon. member to be a little more restrained in his statements.

Mr. Chrétien (Frontenac): He is off the topic. We were not referring to results at the polls.

Mr. Pettigrew: Absolutely.

Mr. Chrétien (Frontenac): Come on now, this is not about election results. Get back to C-31.

Mr. Pettigrew: Well now, I would just like to reassure my fellow Quebecers on the adjustment formula and to explain to them most clearly that their acceptance of harmonization of the tax in 1990 was extremely fortunate for the Quebec economy. We were extremely happy to have that harmonization, and the adjustment formula implemented by the Minister of Finance does not penalize Quebec in any way. It does not penalize Quebec in any way because only provinces losing 5 per cent of their tax revenues are affected by that measure. We in Quebec, on the contrary, had additional revenues after we had harmonized the tax in 1990. The formula does not, therefore, penalize Quebec in the least, the opposite in fact. Whether it was done in 1990 or in 1996, Quebec has benefited from being the first to harmonize the taxes.

On the other hand, I wonder if my hon. colleague is aware that yesterday the Quebec Minister of Finance, Bernard Landry, said the following about the GST: "Strictly from the taxation point of view, this is good news, for more provinces will have a VAT from now on". Mr. Landry, the Quebec finance minister, thinks this is a very good thing, and I quote him again word for word: "This is a very good thing, having a VAT in the other provinces around us, for the fact that ours in Quebec is lower will be to our advantage. It places us in a competitive position; this is good for trade and harmonizes our economic space". That was the position of the Quebec Minister of Finance. I can tell you that I am most pleased that the Quebec finance minister is supporting our efforts toward an economy that is more competitive, more open to the world.

The Deputy Speaker: The hon. member for Frontenac has the floor for five minutes.

Mr. Chrétien (Frontenac): Oh, that is wonderful. You are fair, Mr. Speaker, a rarity these days in this party.

• (1325)

I am grateful for the question raised by my colleague in this House, who was elected with a 60 per cent majority. I might remind him that a kid was elected in Lac-Saint-Jean with a 76 per cent majority, and you in the Liberal Party poured everything—

Mr. Pettigrew: He is not a kid; he is a member.

Mr. Chrétien (Frontenac): It is an expression from Lac-Saint-Jean, I will have you know.

Mr. Pettigrew: Oh, is it?

Mr. Chrétien (Frontenac): It is. If you got out of Montreal, you would learn some regional expressions.

I wonder if the minister would not be more proud of his Minister of Finance if he bought his ships at home. He would create jobs and if he registered them here, he would pay taxes here.

On the subject of compensation to the three maritime provinces that signed on, and that were penalized because they lowered their

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sales tax by five per cent, why do you not leave them where they are at right now? They are already paying 19 or 20 per cent. You are making them a gift; they will be paying less tax. I am the one who is going to compensate their governments, innocent that I am.

The governments of the maritime provinces would rather have a big provincial sales tax and less income tax. That is their choice. It is not up to us to meddle in the way a province is administered, as my colleague for Chicoutimi pointed out. He talked of respect for provinces and jurisdictions. We will respect them.

In 1991, when Quebec harmonized its sales tax, the QST, with the GST, you did not give us one red cent. We do the collecting and we split the cost fifty-fifty. It costs you \$88 million a year.

In the maritimes, Ottawa will pay the whole shot. Strange idea of fairness in this party and this government. What did you do when dairy subsidies were cut over five years? It will mean an average of \$8,000 per farm. You, a fine representative of Quebec—

The Deputy Speaker: I am sorry. I would ask both member to address their remarks to the Chair. The member has three minutes left.

Mr. Chrétien (Frontenac): Mr. Speaker, could you tell him he has done nothing to protect dairy producers? Of course, he is going to answer: "I am from Montreal, there are no farmers in my riding". He should tell his constituents that there are many consumers among them and that they will have to pay more for their butter and cheese. Cheese will be around 50 cents more a kilo and butter 28 cents more a pound; but he will not say a thing. His constituents mentioned it, he will not be seen anymore. They saw him during the campaign, but they will not see him any longer.

Of course, Bernard Landry, now a Quebec minister, was one of those who supported harmonization back then. He was not sitting in the National Assembly at the time, but he agreed with Robert Bourassa that harmonization was the way to go. It is a lot more convenient. I was one of those who had to fill in the infernal GST-QST forms every month. It was very costly and time consuming, and the amount of tax was very little since my business was not international.

This being said, when we harmonized, did Ottawa give us \$1 billion? Certainly not. Quebec could get carried away and say: "Let us raise the sales tax, the QST, to 19 or 20 per cent as in Newfoundland" and then several months later, it would decide to harmonize. It seems that this would cost Quebec \$1.2 billion. The province could then tell the rest of Canada: "Give us \$1.2 billion". This is the way it works.

Essentially, what the finance minister did is use taxpayers' money to buy three provinces to start with. Prince Edward Island should follow in a few months. This will bring the number to four,

but there are many other provinces missing. In Alberta there is no sales tax.

● (1330)

Alberta will most certainly not come on board, neither will British Columbia, or Quebec; Ontario is not interested. In Ontario, they do not want to increase taxes, they want to lower them. These four provinces account for close to 80 per cent of the total population, or at least 75 per cent. This is a strange way to fe fair.

To conclude, I will remind the House that to be accepted, a tax must be fair and simple. What the finance minister is doing is neither fair nor simple. It is far from being fair.

The international cooperation minister did not tell me if he checked how much taxes he paid last time he filled up his car, how much taxes he paid when he bought a quart of liquor or a case of beer, how much taxes there is on cigarettes. This government is being hypocritical in attempting to hide the GST it criticized so vehemently when it was in opposition.

[*English*]

Mr. Roy Cullen (Etobicoke North, Lib.): Mr. Speaker, it is my pleasure and honour to address the House of Commons today during this debate on the budget implementation bill.

During the recent byelection in Etobicoke North I became very aware of the value of the legacy of the members of Parliament who served so capably in the riding in the years before me.

In particular, former Minister for International Trade Roy MacLaren, the incoming High Commissioner to Great Britain, served the constituents of Etobicoke North with great distinction for four terms, beginning in 1979. I rediscovered during the election campaign the value of hard work and integrity in representing riding constituents because I heard so many positive comments about Roy MacLaren as I canvassed from door to door.

I had the good fortune to work with Roy MacLaren in the riding for five years before the byelection and it was with great pride that I discussed with constituents his successes and the many ways Roy MacLaren and his gracious wife, Lee, so positively impacted people in the riding over the years.

[*Translation*]

My constituents have also talked to me about other great Canadians who represented with distinction in this House the people of York West, a riding whose boundaries were redrawn and which was renamed Etobicoke North in 1976. Red Kelly, Robert Winters and Alastair Gillespie are names that came back often, but I should also mention Jim Flemming, Philip Givens and Bob Pennock.

*Government Orders**[English]*

I follow in the footsteps of so many great Canadians who have made such a significant contribution to public policy and to public life in Canada. It is a daunting thought and a challenge that I will fully devote myself to. I too aspire to earn the respect and support the constituents of Etobicoke North have reserved for the members who have preceded me.

I thank the constituents of Etobicoke North for placing their confidence in me. As well, I thank the many volunteers who helped me during the election campaign. Without their support I would not be here.

As we all know, winning an election requires the commitment of many people in canvassing, office work, installing signs, writing and distributing brochures, fund raising and a host of other tasks. I was very fortunate to have had a very talented and dedicated team working with me.

Our election victory in Etobicoke North was very much a team effort and I am very grateful to those who worked so effectively on our campaign team.

[Translation]

As I canvassed door to door, I met many voters who recognized the importance of concluding the debate on national unity. I look forward to contributing to these discussions. The people of my riding want the matter to be settled so that we can go on to other things.

One of the few obstacles to investment in Canada and Quebec is the political uncertainty in Quebec. As a former Quebecer from Montreal, I am very troubled to see that businesses and jobs continue to flee that province.

[English]

As Minister for International Trade, Roy MacLaren worked very hard with the Prime Minister and Team Canada to develop our export trade potential. Missions to South Africa, South America and Asia were orchestrated under his leadership and under the leadership of the Prime Minister. These missions resulted in billions of dollars in trade deals over the short period of one and a half years.

Given my experience in international business, I know many of these agreements moved from the concept stage to the contract signing stage as a result of these missions. These deals resulted in and will continue to provide thousands of jobs for Canadians.

● (1335)

Equally important, the way has been paved for more business in the future. Canada's business community is to be congratulated for its leadership and performance in export trade, one of the real success stories of our economy.

In Etobicoke North I plan to build on the Team Canada concept of building export trade and, equally important, working with all stakeholders in the community to build more jobs and a healthy economy. This means building partnerships with industry and labour as well as the Etobicoke city council and the provincial government.

The constituents of Etobicoke North expect all their politicians, irrespective of political stripe or political agenda, to work together to improve the lives of residents of Etobicoke North. Citizens in the riding deserve this. I am encouraged by early signs which indicate that all stakeholders will be able to work together in a very constructive way.

I invite the participation of all constituents in my riding to contribute ideas on how we can create more jobs and a healthy economy in Etobicoke North. Some individuals have already come forward with some very excellent ideas.

I hope the Ontario government will seize the moment and harmonize the provincial sales tax with the federal GST. No province will benefit more from harmonization than Ontario. Ontario could harmonize at a rate of 14 per cent and reduce the sales tax by 1 per cent without losing any revenue. More economic potential in the province and in my riding could be unleashed and our businesses would be more competitive, which would mean more jobs. In my opinion jobs are the best social program.

I realize the task at hand is not an easy one. In Canada, thanks to the hard work of the finance minister, our economic fundamentals are coming together in a very positive way. We are getting the deficit under control, interest rates are low and short term interest rates in Canada today are lower than those in the United States. This trend is also apparent with long term interest rates. These factors create an unprecedented opportunity for investment flowing into the country.

In Etobicoke North we have some incredible strengths which we can build on. We have Pearson International Airport nearby. We have the 401 highway which runs through the riding. We have quality industrial land, a qualified workforce and a number of high technology companies.

We know from the extensive work done in the area of international competitiveness that those jurisdictions which have the most qualified and knowledgeable workforces will attract the industries of the future, which will provide permanent high paying jobs. In Etobicoke North we already have a head start with an abundance of companies and workers on the leading edge of various technologies like aerospace, advanced engineering and health and life sciences, to name a few.

The government in the recent throne speech and budget recognized the value of innovation. We have committed ourselves to supporting industrial innovation and research and development. In

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addition to setting a positive business climate, this is a very legitimate and necessary role for government to play.

We need only look at international competition to realize governments around the world support and encourage their high technology industries. We must do the same in Canada if we are to compete internationally. I am very pleased we are actively and aggressively doing so.

Herein lies the opportunity for Etobicoke North. By supporting industrial innovation in my riding we can continue to develop our leading edge companies. I have already launched such an initiative. I am very confident that in my riding by working together and by working hard we can collectively build a stronger economy and create more jobs.

I also realize the importance of the many other businesses, both small and large, in Etobicoke North that are not necessarily high tech companies. I pledge to work closely with them also. Given the rapidly changing international marketplace, some of these companies are adjusting to these new realities and face difficult challenges also.

The initiative I have put in motion in Etobicoke North involves bringing industry leaders in the riding together to assess our strengths and identify areas in which we can improve. We will assess what impediments or constraints there are to economic growth in our riding.

[*Translation*]

We will look at so-called industrial clusters in Etobicoke North. The Quebec government, among others, has greatly benefited from this economic development tool, which led to the emergence of Silicon Valley in California.

The city of Ottawa is a role model for all of us. For decades, it was little more than a government town. There were other industries, but the pillar of the economy was the federal government.

• (1340)

Look at all that has been achieved since then. We have become Silicon Valley North. A booming industrial cluster grew up around computer hardware and software and telecommunications, right here in Ottawa.

[*English*]

We can produce the same results in Etobicoke North, not necessarily computer hardware or software, but perhaps in other clusters such as engineering, biotechnology, life sciences or other service sectors.

The recently concluded open skies agreement between Canada and the United States could open many economic doors for us in

our ridings if we have the courage and the goodwill to work together.

We seem to have a structural unemployment problem in Canada and throughout the world. Countries like France, Germany and Italy are facing the same challenge. We need to reflect on what is causing this. While I do not pretend to be a labour market expert or an industrial economics expert, I have reached some conclusions of my own.

We know technology is having an impact on unemployment levels. We cannot fight this. In an ironic sense we need to encourage it. As someone who supports the need for our natural resource industries to add more value in Canada, I am continually amazed by those who will not acknowledge that many value added initiatives reduce job levels because they are capital intensive. Often value added initiatives replace labour with advanced technology, replacing people with machines, but pursue value added we must because this strategy produces more wealth for all Canadians.

Labour is priced like any other good or service, and if labour is too expensive business shifts its emphasis to other alternatives. In the early 1990s in Canada our productivity was low. We were losing our international competitiveness. Since that time our productivity has improved considerably to a point where this is no longer an issue. Economists today are focusing on total factor productivity, not just labour productivity, because to be competitive business must optimize its uses of all the factors of production, labour, plants and equipment, technology and financial capital.

We are doing well in this regard and labour productivity is very much a part of this improved performance, but these developments do not necessarily produce jobs. In addition to technological influences on the job market there are many other subtle changes occurring that impact on this; for example, the growth in the services sector and more part time work of all descriptions.

I believe the real impediment for job growth at this time in Canada is a lack of consumer confidence. Consumers are not spending. Our export growth has been phenomenal thanks to the efforts of Team Canada, but consumer confidence is lacking. When consumers do not spend, factories do not expand, new factories do not get built and the service economy suffers also. Why are consumers not spending?

[*Translation*]

I think the reason why consumers are not spending is because they are unemployed or unsure they will be able to keep their jobs. Similar factors are at work around the world. What can we do? I think we must show the way. Our economy is not big enough to exert much influence on that of other countries, but we can improve the situation here at home. How can we do so?

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I will be concentrating my efforts in Etobicoke North. If all members did the same in their ridings, the cumulative effect would be substantial. What role can the federal government or an individual member of Parliament play? Cynics would say there is no role for us. I say the opposite. I would not have sought public office if I did not believe I could make a difference. The same can be said for all of us, I am sure.

Am I talking about a large interventionist role for the federal government? Definitely not. I believe in the wisdom of the markets but I also know that from time to time markets can fail. As a member of Parliament I will play the role of a catalyst to bring industry, labour and governments together in Etobicoke North. I will make businesses in the riding aware of the support the federal government can offer in the areas of technology and innovation.

I will also be working closely with the schools in my riding and other excellent educational institutions in Etobicoke North such as Humber College. Through this work I hope to support education and skills development for young Canadians and youth employment. Young Canadians in Etobicoke North and throughout Canada need hope for the future. I commit myself to work with them.

Last week I had the honour to present the Prime Minister's award recognizing teacher excellence in mathematics, technology and science to Mr. Larry Tracey at the Elms junior middle school in Etobicoke North. These pockets of excellence need to be replicated and recognized across Canada because students are our leaders of tomorrow.

• (1345)

What role can industry play to address the structural unemployment we are now facing? As I said earlier, I believe the federal government can create the policy and business environment that is conducive to business investment activity. This I believe we are doing.

By 1997-98 our government will have achieved the initial deficit target of 2 per cent of GDP, one of the lowest if not the lowest of all industrialized nations. We are going about this task in a determined and responsible way. I can say from my experience in management and government that the pace with which we are proceeding reflects an understanding that when we deal with budget reductions of this magnitude, what we are really doing is reinventing government. Reinventing government if it is to be done in a responsible and caring way, cannot be done in one or two years.

The federal government can also assist business in areas such as technology and innovation as I said earlier. Governments alone cannot create lasting jobs. Only the private sector can do that. I am very proud to have worked in the private sector and I believe I

understand the demands on business and the competitive environment in which they operate.

Business acknowledged in the 1960s and 1970s that it also had a social responsibility. These responsibilities first manifested themselves in areas such as corporate philanthropy, investment in human resources training and development, environmental protection, information disclosure and other areas such as those.

Canadian business has responded so well to the new realities in the past. I would ask business leaders in Canada: Are we focused exclusively on the pursuit of shareholder value and enhanced share prices to the exclusion of some other very important corporate responsibilities, such as the responsibility to people and communities? How many more times do we need to hear about a company that has downsized, right sized, re-engineered or restructured with resulting massive layoffs or job cuts all at a time of record corporate profits?

How many executives today remember that when they were at university an undergraduate degree paved the way to a job in corporate Canada? For the younger executives the requirement may have ratcheted up to a masters degree. Today there are countless young Canadians who have more formal education than that, yet they cannot find jobs.

I ask executives in Etobicoke North, and throughout Canada for that matter, to consider the following questions: How rational and balanced are your corporate human resource policies through the medium and long term? How could you productively put people to work to grow your business? As a member of your community, could your company be doing more to give people a chance to demonstrate their value to your business?

All of us in the House understand the business imperative of the bottom line. I recognize that industry is not one big social program. Many companies however are re-examining their staff cutback policies and are looking at ways to develop and grow their businesses. A number of business analysts have concluded that large wholesale staff reductions have generally not produced the winning results that companies may have expected.

The industry I am very familiar with for example, the forest products industry, through the Forest Sector Advisory Council is working closely with the federal government exploring ways in which even more jobs can be created in this industry. It is encouraging to learn also that a major Canadian bank has recently launched a program designed to provide mentoring, business support and loans to young Canadian entrepreneurs.

[Translation]

I am confident that businesses will rise up to the challenges we all face as Canadians and that, like Team Canada, we can all work together to build the future. Like public authorities, unions,

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interest groups and citizens, businesses must help in tackling the task ahead.

[*English*]

For these reasons I will support and I urge all members in the House to support the budget implementation bill before us. Implementing the budget will allow the federal government to play its rightful role in the jobs and growth agenda, building quality and permanent jobs for all Canadians now and for the future.

[*Translation*]

Mr. Maurice Godin (Châteauguay, BQ): Mr. Speaker, I listened carefully to what our colleague from Ontario said. I think this was his maiden speech in this House. My congratulations. I would, however, like to comment on some of his remarks. I think that he is right when he says that good government should be restored, it should be. Today more than ever, we need very good government, especially when those in power make promises that they do not keep.

• (1350)

He raised another point: economic difficulties resulting from political instability. But he failed to discuss the problem of the debt and the deficit, the economic raiding that has been going on for so long in Quebec and mismanagement, proof of which we now have. While we, in Quebec, have managed to harmonize the GST with our sales tax without getting a penny in compensation from Ottawa, the federal government is about to set up the same system in eastern Canada at a cost of \$1 billion.

For the longest time, and particularly since the early 1970s, billions have been devoted to building symbols of Canadian unity, without getting anywhere. But again, they always forget to mention this.

There is simple explanation: Quebec is almost always 25 years ahead of the pack. It was evident in the free trade debate and today again concerning the harmonization of the GST and the PST. Quebec has been asking for many years already that the federal government's spending power be capped, duplication and overlap eliminated and powers decentralized to the provinces. It is starting to happen now. More and more the other provinces are asking for the same thing. Unfortunately, Quebec has moved ahead again and now wants economic sovereignty. Every province will eventually have to become politically and economically sovereign if we want this debt problem to be resolved.

I would like my hon. colleague to tell me something. Soon, by 1997-98, the debt will be \$600 billion, \$50 billion of which will just be in interest charges. If \$50 billion did not have to be paid out in interest charges each year and could be used to create jobs instead, would we not be short of unemployed instead of short of money right now? Would the unemployment problem not be

resolved must faster this way than the way the federal government is going about it right now?

[*English*]

Mr. Cullen: Mr. Speaker, the member covered a number of points.

My information is that we have been re-engineering the federal government and the operations of the federal government for some time and with great success. The federal government has had an operating surplus for a few years. That operating surplus is going to continue to grow.

I agree with the member that we need to get at the debt. As the member knows, the only way to reduce the debt is to attack the deficit. Until we can put our budget into a surplus position, we will not be reducing the debt.

What we have here is a phenomenon of governments of all description. Looking at the budget situation the province of Quebec is in and looking from province to province, over the years we have made the mistake of spending beyond our means. We are now trying to come to grips with that.

The answer does not lie in reducing expenditures at a rate that does not allow for the infrastructures of government and the delivery of services which impact on people who are in need. We should not try to solve a problem that has developed over 15 or 20 years in two or three years. I agree with the member that we need to attack the debt and redeploy those resources to programs. To do that, we need to reduce our deficit.

In terms of the deficit and the debt situation, the financial markets basically invest capital in our country. I do not believe we need to necessarily take all our cues from the financial markets, but they are very important to listen to. The budget direction we are heading in has been endorsed by the markets which is reflected in the interest rates this country now has.

• (1355)

Again I would say that the only impediment to growth and investment in Canada is trying to bring some stability to the politics of Quebec. Hearing Bloc members in this House from time to time, perhaps other Canadians are as concerned as I am when I hear how Quebec has been mistreated, the errant child who cannot get a fair deal.

I suppose that is the mandate of the member's party, but if we are going to try to build a country and move forward, certainly from my perspective and political agenda this is not constructive. It does not allow us to move forward. I would hope to hear more on how we can build together and less on how Quebec is aggrieved from time to time.

Mr. Jim Abbott (Kootenay East, Ref.): Mr. Speaker, the member said he would not have sought his seat if he did not believe he could make a difference. Seeing as he ran for the Liberal Party,

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how does he feel about the fact that on Bill C-31 which he is speaking to and which was introduced to the House just yesterday, the government has chosen to bring in closure? In other words, it is ending democracy. Can he justify that for us?

Surely if the member thought he could make a difference he must have thought the Liberals were going to be democratic and not autocratic in the way they have shown themselves to be. Does he have any comments about that?

Mr. Cullen: Mr. Speaker, the decision to institute closure is not my decision but I do support it because to my mind our government has a positive and constructive agenda and program to put in place. All of us, as Canadians, expect our government to do something. If we sit in this House and debate forever, what are we doing for Canadians who put us in this House to try to improve things?

The Speaker: We will now move to statements by members.

STATEMENTS BY MEMBERS

[*English*]

INDEPENDENT ORDER OF FORESTERS

Mr. Gar Knutson (Elgin—Norfolk, Lib.): Mr. Speaker, I would like to pay tribute to one of the oldest and largest fraternal organizations in the world. One hundred and twenty years ago, on April 26, 1876, the first Canadian Court of the Independent Order of Foresters was instituted in London, Ontario.

Through Court No. 1, London served as Canadian headquarters of the IOF until 1888. Since that time the IOF in Canada has expanded to nearly 500 family oriented courts. There are more than one million members in Canada, the United States and Britain.

An outgrowth of the Friendly Societies that originated hundreds of years ago to help one another in times of distress, Forestry continues these noble traditions in the community.

London's Court No. 1 has logged thousands of volunteer hours in numerous charitable endeavours. Its members are to be saluted on this memorable occasion.

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[*Translation*]

CANADA EMPLOYMENT CENTRES

Mr. René Laurin (Joliette, BQ): Mr. Speaker, in July 1995, the federal government decided to transfer over 40 public servants

from the Canada employment centre located in Joliette to the one in Repentigny.

The Bloc Québécois condemned this illogical decision, since the CEC in Repentigny had to rent premises to meet the needs of its clientele, while the facilities in Joliette were already owned by the federal government and met the requirements of the Canada employment centre.

In the April 9, 1996 issue of *L'Artisan*, Public Works Canada asked for the submission of letters of interest regarding the lease of 1,741 square metres of office space for the Canada human resources centre, in Repentigny. Since renting this space will cost about \$115 per square metre, taxpayers in the Joliette area will have to shell out about \$200,000 more per year for lower quality services.

We have seen better reorganizations that this.

* * *

● (1400)

[*English*]

PENITENTIARIES

Mr. Art Hanger (Calgary Northeast, Ref.): Mr. Speaker, in an April 15 memo, the commissioner for Canada's prisons ordered universal distribution of bleach kits for inmates.

Each inmate will now receive a bottle of bleach and instructions on how to properly clean needles and syringes used for injecting, tattooing and body piercing. This is ludicrous. Injection of illicit drugs is a Criminal Code offence. More, the commissioner's directive states that syringes and drug paraphernalia are prison contraband and, therefore, must be seized.

On one hand, the commission's office promotes a program which encourages inmates to break the law and on the other hand, the commissioner intends to arm prisons with bleach and needle usage, both potential weapons to be used against other inmates and prison staff.

Rank and file prison guards state the obvious. Either Correctional Service Canada bureaucrats are incompetent or they have lost complete and total control of the administration of Canada's prison system, or both.

There is a drug problem in Canadian prisons. Clearly, it is time to clean up corrections and end this ridiculous program.

* * *

GOODS AND SERVICES TAX

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP): Mr. Speaker, while the Reformers are counting up how many promises the Liberals have broken over the GST and the Liberals are counting how many times Reformers have changed their minds on the GST, New Democrats are counting up how much the Liberal expanded GST will cost ordinary Canadians.

The new Liberal tax is one more burden taken off the shoulders of corporations and put on to the shoulders of ordinary taxpayers.

In Saskatchewan the finance minister estimates that harmonization would cost average families \$400 million because they would have to pick up the share of the provincial retail taxes now paid by business.

As a result of all of this, Canada is now tied with Britain as the two countries with the lowest corporate taxes in the G-7. The Liberals have, in fact, kept one promise on the GST. They have kept their promise to Canada's corporate leaders to protect them from any obligation to fulfil their civic responsibility to pay their fair share of taxes.

* * *

NATIONAL TEXTILES WEEK

Mr. Murray Calder (Wellington—Grey—Dufferin—Simcoe, Lib.): Mr. Speaker, April 22-28 marks National Textiles Week in Canada. Among those celebrating is Coats Bell, a thread manufacturer located in my riding in Arthur, Ontario.

As we stated in the red book, Canadian firms, especially small and medium sized businesses, must adopt an aggressive trading mentality and a strong outward orientation to take advantage of export markets.

Canada's textile industry has proven itself up to the challenge. Over the past 10 years Canada's textile exports have tripled and now amount to \$2 billion annually.

The 54,000 Canadians employed by the textiles industry are justifiably proud of their achievements. Using innovative technology and a highly trained workforce, the textile industry is a sure bet to contribute further to Canada's economy.

* * *

CANADA BOOK DAY

Mrs. Georgette Sheridan (Saskatoon—Humboldt, Lib.): Mr. Speaker, today is Canada Book Day. As a self-confessed bookworm, I am proud of the government's record in promoting literacy, a prerequisite to full participation in Canada Book Day.

We promised in the red book to restore the national literacy program. Not only has this been done, but the Prime Minister has also appointed a minister responsible for literacy. Under her able leadership, the national literacy program has been restored and many Canadians are on their way to acquiring the literacy skills needed to participate fully in the workplace and in society.

It takes more than government policy and initiatives to implement this however. Tribute must also be paid to the thousands of volunteers across Canada who show their commitment to the cause of literacy by working with their local literacy groups.

This being National Volunteer Week, I can think of no better time to acknowledge the efforts of the Saskatoon Literacy Coali-

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tion. Each year, volunteers like Eleanor Charman and Ruth Thompson, and many others, organize a fundraising spelling bee in which I have had the honour and pleasure of participating. Thanks as well to the contributions of small businesses like the Broadway Theatre that housed the spelling bee.

The slogan of Canada Book Week is: "Read a book and see what happens".

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[Translation]

CANADIANS OF PORTUGUESE ORIGIN

Mrs. Eleni Bakopanos (Saint-Denis, Lib.): Mr. Speaker, today, Canadians of Portuguese origin are celebrating the day of liberty. For 48 years, Portuguese were subjected to a dictatorship that denied basic democratic freedoms.

On April 25, 1974, the Portuguese people declared its freedom. After a peaceful revolution, Portugal underwent a gradual transition towards democracy. Moreover, its economic growth led it to join the European Union, in 1986.

● (1405)

[English]

Successive generations of Portuguese immigrants have contributed to the rich multicultural mosaic of my province of Quebec and that of Canada as a whole. They embraced our democratic traditions and became active members of their communities.

On the occasion of the 22nd anniversary of the day of liberty, and as president of the Canada-Portugal Parliamentarians Friendship Group, I wish to extend my best wishes to all Canadians of Portuguese origin, particularly those in my riding of Saint-Denis, and to thank them for their contributions to Canada.

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VANCOUVER INTERNATIONAL AIRPORT

Ms. Val Meredith (Surrey—White Rock—South Langley, Ref.): Mr. Speaker, today the Vancouver International Airport Authority celebrates the opening of its new international terminal building. This event marks a significant milestone for YVR, as the airport is known locally. In less than four years the authority has made the airport North America's premier Asia-Pacific gateway without government funds, subsidies or guarantees.

YVR has been an economic boon to the greater Vancouver area. It employs 17,000 people, and that number is projected to grow by 2,000 over the next four years.

This has been a win-win situation for everyone. The consumer, the airlines, the employees and even the federal government have benefited from YVR's privatization and local management. All this

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without the scandal that has plagued the proposed sale of Toronto's Pearson airport.

The Liberal government should take a lesson from YVR. Privatization and decentralization work. Congratulations to the board of directors, the executive management and the employees of the Vancouver International Airport Authority on this auspicious occasion.

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CERNAVODA, ROMANIA

Mrs. Elsie Wayne (Saint John, PC): Mr. Speaker, I was pleased to read that the Prime Minister was in Cernavoda, Romania for the inauguration of the Candu reactor.

When I was mayor of Saint John, the citizens played a major role in the development of that project. Thirty-eight senior staff members from Point Lepreau II and their families from greater Saint John moved to Cernavoda, Romania where they used their expertise to build the reactor to the same specifications as Point Lepreau II, the most modern and efficient Candu reactor in the world, which is located in my riding.

Hundreds of Romanians from Cernavoda travelled to Saint John where they were trained at Point Lepreau on how to run a Candu reactor. Throughout this project the people of Saint John and Quebec performed tremendous outreach in Cernavoda as they built a community centre and a day care centre. The Church of England built a hospital for babies born with AIDS that were abandoned.

There is a need for even greater outreach. I want to thank the Prime Minister for being there to experience firsthand the commitment which Canadians have made to assist in the development of a better nation for Romanians.

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[Translation]

CANADA POST CORPORATION

Mr. Paul Crête (Kamouraska—Rivière-du-Loup, BQ): Mr. Speaker, on April 13, 1996, the public forum held in Quebec City on the theme "The postal service of today and tomorrow", concluded that there was a need for a postal service of equal quality for all citizens.

The government will have to make the moratorium on the closing of post offices a permanent one, and it will have to recognize that the management of Canada Post Corporation has a real impact on rural development.

The government will soon receive the recommendations of the Radwanski committee on the mandate of Canada Post Corporation. The Bloc Québécois reminds the Liberal government that 91 per cent of Canadians want a universal service at a universal cost.

When the government will propose a revised mandate for Canada Post Corporation, it will be judged based on how it complied with the clearly expressed will of Canadians and Quebecers.

* * *

[English]

REGIONAL DEVELOPMENT

Mr. Paul Zed (Fundy—Royal, Lib.): Mr. Speaker, I rise today not in defence of ACOA the agency, but in defence of ACOA the concept.

In the 45-page report on crown financial institutions, the banking committee of the other place runs roughshod over the regional development agencies and, in the words of one senator, suggests ACOA be put out of its misery. The committee has not done its homework and demonstrates little appreciation for this agency's work or for Atlantic Canada's current and future economic circumstances.

The other place appears to forget its constitutional mandate to defend the interests of the region. The status quo is not what Atlantic Canada needs. We want our region to continue the drive to self-sufficiency.

The Senate committee has recommended that we throw out the baby, the bath water and even the tub. We in this House will not stand idly by.

* * *

• (1410)

[Translation]

HARMONIZATION OF SALES TAXES

Mr. Nick Discepola (Vaudreuil, Lib.): Mr. Speaker, the members of the Bloc Québécois are trying to convince the public that our government has done an about-face with the GST. In reality, we did what we said we would do in our red book in obtaining the agreement of three new provinces in order to harmonize sales taxes.

Quebec's finance minister is delighted that the harmonization of taxes has now been extended to other provinces, and the vast majority of Quebec's editorial writers are in favour of the move.

Now that we have the support of the PQ, the Bloc Québécois is in a tight corner. It does not want the public remembering that last year it tabled a minority report in which it opposed a harmonized national tax, when this year the PQ government is applauding what we have done. The flip flop is on their side.

[English]

Four down, six more provinces to go and then we will have a national harmonized tax.

[Translation]

PRISON FOR WOMEN IN KINGSTON

Mrs. Christiane Gagnon (Québec, BQ): Mr. Speaker, Judge Arbour's report could not be clearer: there was a violation of human rights at the prison for women in Kingston.

As a result, eight of the victims have filed civil suits against the solicitor general. The Bloc Québécois proposes that, instead of multiple lawsuits, the government find a humanitarian solution in the case of these eight women.

According to one of them, the prisoners would have greatly appreciated being believed and receiving an apology from the government when the initial evidence was published. Instead, it took three inquiries before they were proved right.

In addition to putting in place the corrective measures recommended by Judge Arbour, the government also has an obligation to recognize that it was in the wrong and to implement immediately all the report's recommendations, in order to prevent the recurrence of such a situation.

* * *

[English]

CANADIAN WHEAT BOARD

Mr. Jake E. Hoepfner (Lisgar—Marquette, Ref.): Mr. Speaker, western farmers are angered because the Canadian Wheat Board will not honour barley contracts in their entirety. Apparently the board cannot sell farmers' grain with some of the strongest prices and record low supplies.

Does the government not realize that farmers must sell their products in order to survive? The CWB refuses to allow farmers to ship into the lucrative U.S. market. The government uses Revenue Canada and Customs as its personal hound dogs in cracking down on farmers who are forced to go outside the board's monopoly.

It is never okay to break the law, but when farmers are losing their farms and have no cash flow to plant a spring crop, the government had better act.

Western provincial governments know that farmers are needed. The Alberta agriculture minister and his Liberal critic realize that the federal government has ignored farmers' concerns with their inaction.

I urge the government to listen to these concerns and implement no cost export licences so farmers can protect their livelihoods.

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CHERNOBYL

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, tomorrow is the 10th anniversary of the Chernobyl nuclear disaster. As exemplified by the thousands who have died or are sick with cancer, the health, environmental and economic impacts of Chernobyl are still felt today.

In Canada, the nuclear energy industry is subsidized to the tune of \$5 billion since 1952. In addition, the auditor general reports there is a \$10 billion radioactive waste disposal problem. Canada should move toward renewable energy production and phase out large subsidies to the fossil fuel and nuclear industries. In addition, economic benefits could be achieved through energy efficiency programs.

Finally, we need policies that support science and technology for renewal energy production to ensure a safe, clean and sustainable energy future for all Canadians.

* * *

VAISAKHI

Mr. Gurbax Singh Malhi (Bramalea—Gore—Malton, Lib.): Mr. Speaker, it is my great pleasure to rise today in honour of Vaisakhi, the 297th birthday of the Sikh nation, which is being celebrated around the world.

Sikhs have been living in Canada for almost a century, and over 240,000 Sikhs participate in every facet of Canadian life. Sikhs are peace loving people who have made a valuable contribution in various fields, including professional and political spheres, as my presence here today illustrates. Sikhs believe in justice and the protection of human rights for all people regardless of colour, creed, sex or origin.

I hope fellow members of Parliament will join me in wishing Sikhs across Canada a happy Vaisakhi by accepting my invitation to a reception in the Commonwealth Room following question period.

* * *

• (1415)

[Translation]

MIDDLE EAST

Mr. Mark Assad (Gatineau—La Lièvre, Lib.): Mr. Speaker, this is the first time I have seen the Lebanese community in Canada so affected by the situation in Lebanon. Its religious and its civil leaders have told me how helpless they feel and how concerned they are for their brethren in the Middle East.

I ask the House to observe a moment of silence in memory of the innocent victims of the tragic events in Lebanon.

Oral Questions

[*Editor's Note: Whereupon the House stood in silence.*]

[*English*]

The Speaker: I have a request to make before we begin question period. It is very important I know when members are going to ask for a moment's silence in the House. I would appreciate prior notice if it is at all possible. It disorients the statements in the House. I would simply ask your co-operation.

government that will call a spade a spade, and people will believe in it".

Does the Prime Minister realize that the crisis of confidence in his government currently brewing across Canada arises from his own words as Leader of the Opposition and that the only way to re-establish any sort of confidence would be to follow the example of the Minister of Finance and the Deputy Prime Minister and apologize to Canadians?

• (1420)

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I have just said we would have preferred a simpler system, more easily and quickly put in place. This is what the Minister of Finance has said as well.

I am not about to apologize, when I can rise in the House, pick up a text—one I have read here seven or eight times—in which we said the solution was a tax harmonized with the provinces, which would bring in the same revenues, because the government cannot afford to lose revenues right now.

This is just what we told our fellow Canadians we would do. I make no apologies for doing what is in the red book.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, with the Prime Minister hiding behind the red book since yesterday, are we to understand that, in future, the contents of the red book take precedence over the words of the Prime Minister?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, the Prime Minister is reiterating what is in the red book, so there is no problem. We drew up a detailed political program. We worked on it for months and months. We chose a text we wrote ourselves. There is no discrepancy between the red book, myself and the Minister of Finance, because the member who worked with me on the red book is now the Minister of Finance.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, we will scrap the GST—those were the words of the Prime Minister during the 1993 campaign. The Liberal government has made the unilateral decision to commit more than 90 per cent of the Canadian population to a semblance of GST reform, one which will be very costly, far more than the \$961 million called for in the agreement.

British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec were not consulted, but they will pay for this outrageous cosmetic action taken in a pretence of meeting the commitment on which the Prime Minister and the Liberal Party of Canada have reneged.

Will the Minister of Finance admit that he has gone beyond the usual mechanisms of consultation to commit all Quebecers and all Canadians to a politically motivated compensation payment to the maritimes of close to \$1 billion, without anyone having any say whatsoever on the matter?

ORAL QUESTION PERIOD

[*Translation*]

GOODS AND SERVICES TAX

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, the Prime Minister stubbornly defended the agreement with the maritimes yesterday, by claiming to have met his commitments, despite the fact that the Minister of Finance, accompanied by the Minister of Revenue, apologized for being unable to follow through on the Liberals' promise to scrap the GST.

My question is for the Prime Minister. How are we to interpret the attitude of the Prime Minister, who dismisses his Minister of Finance with a wave of his hand, although as everyone agrees the minister simply acted with integrity acknowledging the Liberals' mistake with the GST?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I do not think the Minister of Finance and I are in disagreement. The Minister of Finance is carrying out the Liberal Party's program, as it appears on page 22 of the red book in English and on page 20 in French.

He said, obviously, and I agree with him, that he would have preferred we proceed more quickly. He thought a system could be set up right away and more easily. However, we have chosen to go the route of co-operating with the provinces.

At this point we have the agreement of four provinces, and we hope that the other provinces will join with us, because it will ease things for consumers. For companies and people in business, it will be a lot easier, and we will have a harmonized tax all across the country.

I think the hon. Leader of the Opposition should read the statement by the Quebec finance minister, Mr. Landry, on this subject.

Mr. Michel Gauthier (Leader of the Opposition, BQ): Mr. Speaker, on December 10, 1991, the Prime Minister said, when he was the Leader of the Opposition, and I quote: "People will believe in us when we say we are going to eliminate the GST". A little further on, he spoke of his government: "Ours will be an honest

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Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, we have had numerous discussions with the ministers of finance in the other provinces concerning harmonization of the sales taxes. We have made offers, not only to the three provinces who accepted, but also to Prince Edward Island, Manitoba and Saskatchewan. We have held discussions with the other provinces to explain the reasons why the formula applied to this or that one.

We used exactly the same approach as when we passed on to Quebec \$120 million for the Atlantic groundfish strategy. We used exactly the same approach when we passed on to Quebec \$75 million after elimination of the freight subsidy. The federal government accepted its responsibilities for a very great structural change.

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Mr. Speaker, if they want to keep talking about the GST, let us talk about it. When the GST was harmonized, Quebec did not see a red cent. That is the reality.

What is being asked of the Minister of Finance today is not all that difficult. He is being asked to stay on the path of integrity, the integrity he has shown this week, in acknowledging that this agreement with the maritimes on the GST will cost far more to Quebecers and to Canadians than the \$961 billion in compensation projected, for under the agreement, equalization will kick in automatically after four years, so the government's political deal will continue to be a costly one.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the hon. member does not, unfortunately, understand how the equalization system works. It depends on fiscal capacity, not the taxes collected by a province, but its fiscal capacity.

• (1425)

So, right at the beginning, there will be a slight drop in equalization payments to the Atlantic provinces. Eventually, with the growth of economic activity and with job creation, there will be another drop. This is good for the Atlantic economy. The hon. member is, unfortunately, in error.

I would like to quote Mr. Landry, the Quebec Minister of Finance. From a strictly taxation point of view, speaking of the harmonization with the Atlantic provinces, Mr. Landry said: "This is good news, because more provinces will have a VAT in future".

* * *

[English]

SOMALIA INQUIRY

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, my question is for the Minister of National Defence.

The testimony before the Somalia inquiry makes it quite clear that General Boyle knew about his department's plans to tamper with, alter and destroy documents related to the Somalia affair.

This latest testimony seriously undermines the minister, who time after time has defended Boyle in the House.

Will the minister now agree to ask General Boyle to stand down until the Somalia inquiry determines his role in this cover-up?

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, we have covered this issue a number of times in the past couple of weeks.

I will not comment on any evidence presented at the inquiry. I will not engage in any public debate. The inquiry is to determine the truth of all the facts presented to it and all the evidence. It will do this in short order.

With respect to the chief of defence staff, he certainly is doing his job. He is doing it well and he will continue to do his job. I ask the hon. member to allow the Chief of defence staff the courtesy all Canadians expect, which is to allow him to go to the commission and to give his position.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the minister does not want to comment. That is fine because, quite frankly, Canadians have no confidence in anything the minister says anyway.

The minister tried to distance himself from senior officials' attempts to cover up Somalia documents. Yet a staff officer for the Minister of National Defence was part of the Somalia working group.

It is inconceivable to Canadians that the minister was not briefed about the scheme hatched by the public affairs branch of his department to alter Somalia documents and obstruct access to information requests.

What did the minister know about this attempted cover-up? When did he know it? Was he a pawn or a player?

Hon. David M. Collette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, by the tone, demeanour and substance of the hon. member's question he certainly is not a player in the House for reliable questioning.

The subset of hearings over the next couple of weeks will deal with these the questions of the public affairs matter. Every question the hon. member has posed in the House will be answered in the appropriate way at the commission before those impartial commissioners. That is where Canadians expect to get the answers.

Mr. Jim Hart (Okanagan—Similkameen—Merritt, Ref.): Mr. Speaker, the Minister of National Defence has placed himself right in the middle of the Somalia scandal.

The minister's department altered and destroyed documents on his watch. The minister recommended a chief of defence staff who was, by his own admission, aware of the plan to deliberately tamper with evidence.

Oral Questions

The minister's own staff officer was part of the Somalia working group. It is time the minister came clean with Canadians. The Minister of National Defence is responsible to Parliament for these errors in judgment. Will he do the honourable thing and resign?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I was worried because the hon. member has not asked me to resign in the last few days. I took that to mean something.

Again I have to assert that the only thing I am in the middle of is getting at the truth. The government wants the truth in this matter. We have established the inquiry. We have taken our responsibility by establishing the inquiry. We have a terms of reference which has never been challenged, which talks in the language used by the hon. member, "cover-up", "destruction of documents". All of that is in the terms of reference. The commission has the terms of reference to do the job, to get the answers. It will do it and it will do it soon.

* * *

• (1430)

[Translation]

SOMALIA INQUIRY

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

We learned that the chief of defence staff approved a plan to tamper with documents critical to the Somalia inquiry. His lawyer excused General Boyle, citing his failing memory, and I quote:

[English]

"When you are talking about something which happened many years ago, your memory may not be as clear".

[Translation]

Fortunately, his lawyer added: "He now remembers". The documents turned over to the commission allowed the general to recover his memory.

Considering that the military police's report that was given to the commission exonerated General Boyle, is the minister going to ask the military police to alter its report in the light of these new facts?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, I have already answered these questions, but I must point out that it is not proper for me, as a minister, to comment on the testimonies heard daily by the commission. It is not appropriate.

The military police has reopened its investigation in view of the new documents which surfaced. I think this is a normal process.

[English]

The military police have reopened the investigation. Obviously they had an obligation to this, as did the information commissioner. All these matters will be discussed at the inquiry. That is the forum for the answers.

[Translation]

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, given the seriousness of the allegations regarding General Boyle, does the minister not think that he should immediately relieve the general of his duties, at least until the inquiry is completed?

Hon. David M. Collenette (Minister of National Defence and Minister of Veterans Affairs, Lib.): Mr. Speaker, once again, I have already answered this question and the answer is no.

* * *

[English]

GOODS AND SERVICES TAX

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, on October 18, 1993 the Deputy Prime Minister promised Canadians on national television: "If the GST is not abolished under a Liberal government I will resign".

Today in a press conference she said: "Making a fast lipped comment in the middle of an election campaign should not put me in a position to resign".

Which way is it? If you make a promise, you make; do not break it. Will the Deputy Prime Minister resign right now?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, she has said she does not intend to resign because we are meeting the commitments in the red book, and she campaigned on the red book.

If we want to quote what people said in the past, after what the hon. member for Beaver River did yesterday, I quote what she said in 1991 or 1992: "The behaviour in the Chamber just drives me wild. I taught grade eight for too many years to think this sort of behaviour is cute". I guess she is now in grade seven.

Miss Deborah Grey (Beaver River, Ref.): Mr. Speaker, I stand by what I have said and I stand by what I have done. There is one place for the red book because it simply has not been completed.

Yesterday the Prime Minister said the Liberals have kept 75 per cent of the red book promises. That is not true. We have gone through the numbers. Of 157 promises made in the red book, 37 have been fulfilled; 23.5 per cent. That is shameful.

Oral Questions

• (1435)

On the campaign trail the Deputy Prime Minister told the voters of Hamilton East and every other Canadian: "I have already said personally and very directly that if the GST is not abolished I will resign". It is fine that she thinks I may throw things around, but I know one thing: the voters of Hamilton East will throw her out in the next election. They want to know, will she resign?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, I believe I was right a minute ago when I said she was in grade seven. She does not know how to add. She should look at page 111 of the red book. It is all there and it is very simple; all the cuts we said we were to make and all the programs we were to implement.

She will be surprised but she will probably have to wait until she is in grade nine to understand.

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*[Translation]***COAST GUARD**

Mr. Yvan Bernier (Gaspé, BQ): Mr. Speaker, my question is for the Minister of Fisheries and Oceans.

The marine shipping industry is very important to Montreal's economy. Today, the Conseil régional de développement de l'Île de Montréal, the City of Montreal, the minister of state responsible for Montreal and the Montreal Chamber of Commerce have joined in condemning the user fee policy the minister intends to apply to Coast Guard services.

Does the minister not agree that imposing a fee structure without first assessing its economic impact could have a devastating effect on Montreal's marine industry, which creates more than 14,000 direct and indirect jobs and generates \$1.25 billion in economic benefits?

[English]

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, I agree that all the shipping industries are very important to the economy of Canada.

What we are merely asking is that we expect them to pay a user fee for public facilities provided by the public at taxpayers' expense. This user fee is reasonable. It is less than one tenth of one per cent of the total value of the cargoes. It is less than 3 per cent of voyage costs. It is less than 10 per cent of the services provided.

While there are some differences about how the fee should be paid, it is safe to say most of the industries that have been consulted and that have appeared before the standing committee, while they do not particularly want to pay the fees, are prepared to pay their fair share of the public cost.

[Translation]

Mr. Yvan Bernier (Gaspé, BQ): I will give the minister a second chance to answer my question, Mr. Speaker. Does the minister recognize that, by imposing user fees on aid to marine navigation, he runs the risk of diverting marine traffic to ports on the east coast of the U.S. and on the Mississippi, at the expense of the port of Montreal, thus undermining its role as a North American shipping hub?

[English]

Hon. Fred Mifflin (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, there are many other considerations involved. The information at this time is that the 10 per cent recovery, which amounts to \$20 million across Canada, will not divert traffic to any other port.

Most of our trading partners have similar fees. Is the hon. member saying he would like the big companies not to pay the 10 per cent of the share the taxpayers actually provide when other organizations and smaller people are paying their fair share? I do not believe he is suggesting that.

* * *

GOODS AND SERVICES TAX

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, on Tuesday we witnessed the embarrassing spectacle of the finance minister grovelling for forgiveness for the government's broken election promise to kill the GST.

Today the Prime Minister is standing up in the House and saying "we did not break our promise", suggesting somehow that all along they had gone to the electors with the promise to bribe the Atlantic premiers with \$1 billion and to create a GST super tax in three provinces.

Who is telling the truth, the finance minister or the Prime Minister?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the statements I made the other day stand. The statements made by the Prime Minister today stand. The statements made by the Deputy Prime Minister stand.

The government speaks with one voice. The issue is how many voices does the Reform Party speak with?

• (1440)

Let us talk about the substance of the issue. While the Reform Party plays its little games, the Canadian people are out there speaking. Who supports what the government has done? The Canadian Manufacturers' Association, the Retail Council of Canada, the Consumers' Association of Canada, the Canadian Institute of Chartered Accountants, the Canadian Automobile Dealers Association, and more to come in the supplementary.

The Speaker: My colleague, may I gently caution you that the use of the word "bribe" when you use it government to govern-

Oral Questions

ment is close but we must not use the word "bribe" when describing one member's actions toward anyone else.

Mr. Monte Solberg (Medicine Hat, Ref.): Mr. Speaker, there are a lot of different stories over there. I suggest there is a major Liberal fib fest happening right now. If this whole issue is called harmonization, then I think a lot of Canadians are starting to feel the Liberals harmonized them real good at the last election.

We know now that the Prime Minister personally told Maude Barlow in a private meeting before the 1993 election that he already knew his promise to kill the GST was a sham. Is it Liberal integrity to say one thing behind closed doors to Liberal insiders and to say the complete opposite in order to get elected?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, never has a more cruel blow been imposed on Maude Barlow than to be cited by a Reformer.

Rather than go on, I will read the list of support at another time. Allow me to take the hon. member through the work we went through before coming to this solution.

When we were in opposition we looked at a series of alternatives. There are a number of people here who supported a business transfer tax. I myself publicly supported a personal expenditure tax. Once we came into office the finance committee was set up and it looked at a multitude of alternatives.

At the same time, the House may remember we made an offer to the provinces that would lower the rate and impose a flat tax which was rejected. There were public debates with the province of Ontario as to whether it would vacate the field or we would vacate the field.

This government has left no stone unturned in its seeking of a better alternative to what we have come up with. In the end we came up with the alternative that we felt was the best thing for the Canadian people, public policy and job creation. We are proud of what we have done.

* * *

[Translation]

INDIAN AFFAIRS

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, my question is for the minister of Indian affairs.

The Mohawk community of Kanesatake, which elected James Gabriel as acting Grand Chief to replace Jerry Peltier, is now about to hold an election and correct the appalling economic situation caused in large part by Mr. Peltier. Unfortunately, the government's confused and indecisive attitude is not helping them.

Having recognized James Gabriel as Mohawk negotiator for land claims, can the minister confirm to the Kanesatake community that

he is finally ready to acknowledge the results of the February 28 election and to recognize Mr. Gabriel as acting Grand Chief of the Mohawk community of Kanesatake?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I believe I have answered this question once already.

As the hon. member knows, in that First Nation, right now there are two people who purport to be chief. The first, Mr. Peltier, was elected. We spent almost \$50,000 to have a reputable consulting firm come into Kanesatake for a three year period. The second person, Mr. Gabriel, referred to by the hon. member went in by petition supposedly a couple of months ago. At this stage I have to get some direction from justice. We may not even have the authority to remove Mr. Peltier.

• (1445)

It was said from the meeting that he had resigned. This is not correct. He sent me a letter saying he is still the chief. In fact until it is sorted out either in the court or hopefully by the people in the community, there are two chiefs in Kanesatake.

[Translation]

Mr. Claude Bachand (Saint-Jean, BQ): Mr. Speaker, I fail to understand the minister's attitude. Why does the minister refuse to recognize the legitimacy of James Gabriel's election, when his colleague, the Deputy Prime Minister, does so in an April 17 letter to Grand Chief Gabriel? Even the Deputy Prime Minister recognizes him. Why does the minister in charge of this matter not recognize him, too?

[English]

Hon. Ron Irwin (Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I do not know why the Bloc is applauding what in a sense is a tragedy.

Mr. Gabriel writes to the Deputy Prime Minister and purports to be the chief. Her staff prepares a letter responding to him as the chief. That does not change what I have just said in this House today or what I said in the House several months ago.

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PUBLIC SERVICE OF CANADA

Mr. Andy Scott (Fredericton—York—Sunbury, Lib.): Mr. Speaker, my question is for the President of the Treasury Board.

As the exercise of reducing the size of the public service continues, accommodating those wishing to take advantage of early retirement and those seeking alternative employment becomes more daunting.

Can the minister assure members, and more important, our dedicated public servants that the government will remain vigilant

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in giving local managers the flexibility they need to manage the transition in as creative and fair a fashion as possible?

Hon. Marcel Massé (President of the Treasury Board and Minister responsible for Infrastructure, Lib.): Mr. Speaker, we put in place a range of adjustment tools such as the early retirement incentive, which provides a waiver of pension penalties for public service employees who are 50 and over with 10 years of service, and the early departure incentive, which facilitates through cash incentives the voluntary departure of employees in those departments which have been hardest hit by expenditure reductions.

We have also established joint adjustment committees across the country in partnership with the unions. We have implemented a policy of alternates which permits a number of people who want to keep their jobs to change jobs with people who want to leave the public service.

All in all, we have put into place a lot of measures which indicates that we want the downsizing to be done in a fair and equitable manner. Everybody has recognized this is what has happened.

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GOODS AND SERVICES TAX

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, the finance minister must have left off of his list of support the provinces of B.C., Ontario and Alberta. I guess he just missed them.

I would like the government to listen to what the Atlantic Canadian business community is saying about the finance minister's attempt to create harmony in the tax system. He must have missed these quotes as well. Ernst & Young: "There is a quagmire here". The Canadian Federation of Independent Business: "You are better off leaving the stupid thing alone". That is a good quote.

My question is for the Prime Minister. If this is such a good deal for Atlantic Canada, Mr. Prime Minister, why does section 12 of the agreement allow for an increase in provincial taxes after the government's bribe money runs out?

The Speaker: Again, my colleague, would you withdraw the word "bribe" please.

Mr. White (Fraser Valley West): I withdraw the word "bribe", Mr. Speaker.

The Speaker: Does the right hon. Prime Minister want to answer? A supplementary, the hon. member for Fraser Valley West.

Some hon. members: Oh, oh.

Mr. Randy White (Fraser Valley West, Ref.): Mr. Speaker, a supplementary. They did not answer the first question so I will go to a supplementary.

The finance minister on a talk show this morning said he was bailing out Atlantic Canada. That bailout is about \$1 billion. That is \$1 billion this country has to borrow in effect.

• (1450)

This government has a deepening problem with misrepresenting the facts. Will the finance minister or the Prime Minister come clean and admit the truth that what they are really doing is bailing out the Deputy Prime Minister, the Prime Minister and all those Liberals who were elected under false promises?

The Speaker: The hon. member for Laurentides.

* * *

[Translation]

PLUTONIUM IMPORTATION

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, my question is for the Prime Minister.

On April 18, representatives of Canada signed an agreement with Russia allowing Canada to begin importing plutonium, a highly radioactive substance, for use as a fuel, for one thing, in Candu reactors, which in fact the government intends to sell increasingly outside the country.

Would the Prime Minister not agree that importing plutonium originating in Russia is an extremely dangerous business, given the enormous health and environmental risks associated with the processing and handling of this highly unstable material?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, we accepted the invitation from the Americans and the Russians to see whether we could use up their surplus plutonium, because they are about to dismantle missiles, which leaves plutonium to dispose of.

As illegal trade in this element is also very dangerous, they have asked us if we could consider using up the plutonium to get rid of it. We replied that if we can do so safely, without damaging the ecology or creating health problems for anyone, that would be a contribution that Canada could make towards peace. Because if the plutonium is gone, then there is no longer a risk of it being traded illegally, among other things.

We therefore agreed to do a feasibility study. We are also told that, in the form of MOX fuel, it can be transported with no risk. We are now conducting studies, and if it is completely safe, of course, we will be prepared to help with dismantling the missiles, thus reducing the risk of nuclear war.

Mrs. Monique Guay (Laurentides, BQ): Mr. Speaker, it is sad to note that the tokamak installation, specializing in research into pollution-free energy, is about to be closed, while plans are being made to import plutonium, a material that is highly dangerous to health and the environment.

Oral Questions

Given that Canada already has problems getting rid of its nuclear waste safely, does the Prime Minister realize that by importing plutonium, he is solving nothing, and that, on the contrary, he will worsen the problem of getting rid of nuclear waste in Canada, which poses a real danger to the public?

Right Hon. Jean Chrétien (Prime Minister, Lib.): Mr. Speaker, what we want is to get rid of the plutonium. We want to see it used up, and we will see if it is possible.

The Americans and the Russians came to us because we have developed a unique technology, the Candu reactor. Other experiments will be done in other countries. However, since Candu uses heavy water and natural uranium, this system would be the best to get rid of the plutonium.

Obviously, if this cannot be done safely, without damage to the environment, it will certainly not be done, but we agreed to study the possibility. If we can do it, the Americans and the Russians would be very happy. In fact, the Americans are ready to pay us to dispose of it. But if we cannot do so safely, with no harm to the ecology, we will not go ahead.

* * *

[English]

CANADA PENSION PLAN

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, the GST fiasco has left a sour taste in the mouths of Canadians who now feel betrayed by the government. The promise to scrap the GST was a cynical purposeful campaign trick. I am concerned that the next betrayal is looming on the horizon for seniors who will soon be facing massive cuts to the Canada pension plan.

• (1455)

Will the Minister of Finance admit that there is simply no way to secure the future of the Canada pension plan without taking another 5 per cent or 10 per cent of workers' incomes or radically cutting benefits to seniors? Is his promise to protect seniors and taxpayers as hollow as his promise on the GST?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, two alternative options are being presented to Canadians in terms of the Canada pension plan.

There is that put forward by the members of the Reform Party which is to effectively abolish the Canada pension plan and turn it into a super RRSP. That would result in pensions for the wealthiest in the country and no pensions for the poor. We categorically rejected that option.

At the present time a federal-provincial commission is travelling across the country examining ways in which the Canada pension plan can be kept whole.

The Canada pension plan obviously requires modification. However it is not in danger despite the cataclysmic declarations of the Reform Party. Yes, there may well be increases in premiums and there may well be changes in benefits. However, the fact is that this

government, and I also believe all of the provincial governments and the territories can assure young Canadians that the Canada pension plan will be there for them.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, every time their policies are completely indefensible, the Liberals turn around and attack Reform.

The only member of this House on the commission, who happens to be a Liberal member, is on record as saying that Canada pension plan premiums will have to be doubled to maintain the CPP. I think it is the government's intention to lead the citizens of Canada up the garden path and into the rose garden before the election and leave them in the stinkweed after the election, just like it did with the GST.

I would like the Minister of Finance to confirm that we are talking massive changes to the premiums or massive cuts to CPP benefits.

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, the chief actuary has already stated that because previous governments going back a decade did not take proper action on the CPP, by the year 2030 if nothing is done, the premiums might well have to rise to 14 per cent or 15 per cent. It is precisely to avoid that tremendous burden which would be placed on payrolls that this government has taken early action. While there will be an increase in such premiums, it will not be of the kind projected by the chief actuary.

On the earlier point, I apologize to the hon. member for comparing our policies to his, but every time we do it we look so good it is very hard to resist.

* * *

TAXATION

Mr. Paul Steckle (Huron—Bruce, Lib.): Mr. Speaker, this week the Minister of National Revenue introduced 100 improvements to the sales tax system.

The notional sales tax as it applies to car sales has caused much confusion, problems and a real sense that it is unfair. How will the minister's sales tax changes correct this longstanding irritant to Canadian car buyers?

Hon. Jane Stewart (Minister of National Revenue, Lib.): Mr. Speaker, the hon. member for Huron—Bruce raised two very important points.

First, he recognizes that the government has just tabled a ways and means bill that presents to the Canadian public 100 proposals for improvements to the GST. That speaks directly to the concerns of the Canadian public.

Second, he asked specifically about the notional import tax credit, which is the way the tax has been collected on used cars. It has been so complex, so confusing, so frustrating for the Canadian public that we have changed it. From now on when a Canadian buys a new car and has a trade-in, GST will be paid on the difference only. That makes sense. It speaks directly to the

concerns of Canadians. It is proof that the government is committed to replacing the GST with a tax that is fairer to consumers.

• (1500)

Hon. Audrey McLaughlin (Yukon, NDP): Mr. Speaker, the Minister of Finance has said harmonization of the PST and GST in the Atlantic provinces will expand exports and create jobs. He did omit bring back the cod, but it was pretty close.

The minister will recall that during the GST debate the government of the day tabled a number of documents substantiating its claims.

Will the minister today table the studies that substantiate his contention that exports will rise as a result of harmonization and that jobs will expand?

Hon. Paul Martin (Minister of Finance, Lib.): Mr. Speaker, I am certainly prepared to make available to the hon. member the studies that will show what happens when one reduces the cost to business.

Jim Moore of the Canadian Exporters Association, one of the experts in the field, said: "Obviously it could [create jobs] when you are competing at a level where a 1 per cent difference on a product can make the difference between a sale and a non-sale". He is basically saying it will increase our exports.

The Canadian Federation of Independent Business and the Canadian Manufacturers Association say harmonization will enhance competitiveness for manufacturers and exporters as well as create a simpler and more efficient tax system.

The bottom line from the CMA is: "The net result of these changes will be more jobs and an overall increase in investment and business activity".

* * *

[Translation]

BUSINESS OF THE HOUSE

Mrs. Suzanne Tremblay (Rimouski—Témiscouata, BQ): Mr. Speaker, I would like to ask my hon. colleague, the parliamentary secretary, if he would be so kind as to tell the House what the business for the coming week will be.

[English]

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, today and tomorrow we will continue debate on second reading of Bill C-31, the budget implementation bill.

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Bill C-12, the employment insurance bill, will be reported from committee shortly, and by the end of next week we will commence the report stage.

Monday shall be an allotted day. Since the table requires that this be confirmed by a minister of the crown, the secretary of state for aquaculture will want to confirm this.

I shall be in touch with members opposite concerning the schedule between the allotted day and the commencement of Bill C-12.

Hon. Fernand Robichaud (Secretary of State (Agriculture and Agri-Food, Fisheries and Oceans), Lib.): Mr. Speaker, I confirm that Monday shall be an allotted day.

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 1996

The House resumed consideration of the motion that Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, be read the second time and referred to a committee, and on the amendment.

Mr. John Williams (St. Albert, Ref.): Mr. Speaker, I quote from the speech of the Minister of Finance on March 6, 1996 to the House:

What Canadians want is action and they want to see real progress. These are the standards that Canadians have set.

Seldom in our history have so many people experienced so much anxiety. Canadians feel our very way of life is at risk.

They look at medicare and feel that it is threatened. They look at the pension system and wonder if it will be there in years to come. They consider the economy and worry that gale force winds of competition and change will carry away their jobs. Canadians think about their future, our youth, and ask what kind of opportunities will be left for them.

• (1505)

These are the damning words of the Minister of Finance to the House, from a government that has been in power now for two and a half years. Obviously the government does not have the answers, period.

The hon. member for Etobicoke North confirmed these issues when he talked about unemployment and said we do not have answers. He talked about the various issues of concern of Canadians and continued to repeat the government line. Unfortunately when we listen to the government line it does not have answers.

These things are important to Canadians. I quote from page 8 of the budget speech:

It is our view that chronic deficits constitute a clear and present danger to this country—to our way of life and to our future.

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Chronic deficits put the disadvantaged at risk, because it is they who suffer when the financial strength of government is so weak it can no longer reach out to those in need.

Members may have noticed that in question period a few minutes ago I asked a question of the Minister of Finance to bring to the attention of all Canadians that the Canada pension plan is seriously at risk. That was acknowledged by a minister in his budget speech:

First, the CPP must be put on a sound financial footing—and done so in a way that is sustainable, affordable and fair.

In the House we saw the Deputy Prime Minister stand and say how she is committed to standing behind seniors and the Canada pension plan. We have asked questions of the Minister of Human Resources Development and he has stood up in the House and said they stand four-square behind seniors. We have heard the Minister of Finance repeat the same rhetoric.

When we look at the public accounts, page 1.16, we find the government has no liability, commitment or responsibility to pay seniors on Canada pension plan beyond the money already in the bank.

This concerns me because the government has misled Canadians on the GST with rhetoric from the Deputy Prime Minister and others which has so often been pointed out in the House: “We will scrap the GST. We will get rid of the GST”. When we ask them to deliver on their commitment they picked up a thing called the red book, and I believe it is page 22 that the Prime Minister has so frequently referred to. He says it was always that they would harmonize, replace and change, and with some smoke and mirrors give us something else that will cost us more.

I am concerned for seniors because while the government said one thing before the election, it was a different thing after. While it held up the promise of improvement before the election, it hit people over the head with the continued GST and higher taxes after the election. I see the same thing looming once more for the Canada pension plan. The numbers are quite simple. The numbers are huge but they are simple.

The Liberal member who is on the tour on the Canada pension plan is on record as saying Canada pension plan contributions should double and double soon, so we will not contribute 5 per cent of our income, we will contribute 10 per cent, double. We will be paying 5 per cent more into the Canada pension plan in order to protect seniors and they way they are currently receiving Canada pension.

I do not think that it is strictly a case of increasing payments to maintain payments to seniors. I think there will be a trade-off here and we will see increased payments and at the same time there will be a decrease in benefits.

● (1510)

That is the point I want Canadians to be aware of while the Minister of Finance keeps using euphemisms: “We will fix the Canada pension plan. The Canada pension plan is in a little trouble. Maybe we will make a little increase in the payments and adjust the payments to the beneficiaries”.

There will be a massive increase in payments. There could very well be a massive decrease in benefits. The sooner the Minister of Finance says that and gets it out in the public domain for people to decide the way they want to go the better.

I have a real fear that from now until the next election we will see these little euphemisms: “We will fix it. We need to have a little more cash in the kitty. We may have to tinker a little with the benefits”.

The point is after the next election when the Liberals think they will be firmly ensconced on that side once more, they will drop a big hammer on the heads of Canadians, just as they have done on the GST where they dropped a hammer on Canadians again and said “no relief from taxation, pay the GST forever more”.

We will see the same thing with the Canada pension. We will see huge increases in payments. We will see great decreases in benefits after the election, and that is my concern. I want to get Canadians thinking about these things now. I want them to think about them before the next election and ask the government what it really intends to do because these euphemisms will lead people into thinking the government has it right when the government has it wrong.

Part of the budget implementation rules and regulations being brought forward in this bill give me some cause for concern also. The bill intends to amend the Financial Administration Act, which would provide for the termination of employment in certain cases where government services are being transferred.

I do not really have a problem with the termination of employment of the civil service where we are maybe transferring programs to the private sector. It does not concern me. It happens all the time. People in the private sector change jobs all the time.

What does concern me is the way the government plays fast and loose with Canadian taxpayer money. Take a look at Nav Canada. Nav Canada is some new hybrid. The Liberals call it privatization but it is a not for profit monopoly with virtual taxation powers they have created. They have hived it off from government balance sheets and government records. They have created this new entity, Nav Canada.

I think it is unique in Canadian corporate history because I have never heard of a not for profit enterprise that has billions of dollars

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in revenue. When you can go to money markets and borrow \$3 billion and still call it not for profit I have a problem with that.

I also have a problem with the way the government was able to manage the transfer of employees off the rolls of the civil service and on to the Nav Canada payroll. Somehow while these people were working on Friday, they kept their job, the same desk, the same telephone number, the same pencil on Monday morning. While there may be a new name on the paycheque they get at the end of the month, somehow we said they have lost their job and they are entitled to severance pay. We gave the people in the organization \$200 million in severance pay and nobody lost their job.

I scratched my head. You work on Friday, you work on Monday, same desk, same telephone number, same pencil, same job, same everything, but you got laid off? There was \$200 million in taxpayer money to recognize you got laid off and it does not seem to fit.

We are now to institutionalize that or put it into legislation, saying that is the way we want to do it. That is the least of my problems with regard to this bill.

● (1515)

The bill goes on to say: "In addition, amendments to that act would provide for exceptions to appropriations so that the unused portion of funds appropriated by Parliament does not lapse at the end of one year".

What is this? Is it that appropriations are no longer going to lapse at the end of a year? Is that what the bill states? I thought the whole parliamentary tradition was that this House appropriated funds for a department and said: "This is the money you are going to get for one year and if it is not spent then it is not spent and if you need more for next year you come back to this House and ask for it".

The Liberals have now sneaked in some legislation which states: "the unused portion appropriated by Parliament will not lapse at the end of a year". This House is losing control of the government. The government has lost control of the management of the country. I cannot understand why we do not have a full debate on that one issue alone. However, what do we find? Closure.

This bill was introduced yesterday. We have closure today. We vote on it tomorrow and it becomes law on Monday morning.

In the bill we find the tradition of hundreds of years of Parliament having control over the government out the window without even a mention.

This government is trampling on the rights of this House. It is trampling on democracy when it thinks it is going to slip a few lines into this bill to eliminate the lapsing of funds so that it has to

come back to this House every year for the money it needs to run the government.

The bill continues on: "As part of the restructuring of the public service, successor rights in the form of continued collective agreements and union representations will be introduced", and so on. The Liberals are going to legislate rather than negotiate with the unions on how they are going to handle the transfer of civil servants into the private sector. I put the private sector in quotation marks because NavCan, by no stretch of the imagination, can be considered private sector. It is a not for profit monopoly with virtual taxation powers. All the government has done is taken it off the balance sheet and off the expenditure side of the government.

No doubt the Minister of Finance is going to stand up here next year and boast about how expenditures of government have come down when all that he has done is drawn a line between the air navigation and said that it is no longer part of government and no longer part of its expenditures, even though we are still paying for it. He is also going to boast about how he is containing government expenditures. The point is that he is not. We have seen it time and time again as he manipulates the numbers and calls it a success.

The President of the Treasury Board, every quarter, brings out a booklet telling us how he has met his target of reductions in the civil service. I know that in the next quarter the President of the Treasury Board is going to stand up in this House and boast about how he has once more met his target of reducing the civil service. However, 6,500 of this reduction just moved over into NavCan. Nobody lost his or her job. This is the type of smoke and mirrors that we get from this government. This is what Canadians need to know about because I do not think they really appreciate being led down the garden path in this way.

The bill continues: "Amendments to the Public Service Superannuation Act would facilitate the portability of pension values on an individual and a group basis and provide flexibility for the extension or termination of coverage of an entity and its employees under the act".

Maybe there should be portability. I think we should have some portability of all pensions. Careers are changing rapidly and many Canadians are changing jobs more frequently. It is important that this government address the important issue of portability of pensions in the private sector.

● (1520)

However, it has demonstrated no desire to help people in the private sector and every desire to legislate things for its own benefit. By introducing under the Public Service Superannuation Act portability of pensions allows the government to take large chunks of the cash sitting in the public service superannuation fund and set up a pre-funded pension plan for the NavCan employees so that their pension plan can continue unabated.

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Canadians out in the private sector who lose their jobs on Friday afternoon have to go out on Monday morning and find a job. After months of searching they find that there is no portability of their pension.

These are the types of social issues that the government should be dealing with rather than the smoke and mirrors of legislation to allow it to bully the unions, to bully the civil servants and create these fictitious types of situations regarding the downsizing of the government.

As I said, there is a much bigger issue concerning the pensions. I would have thought the government would have wanted to address it. It has not. The Minister of Finance has not. Everything has always been focused on what can the government do to let Canadians think it is addressing the issue when in fact it is not.

Bill C-31 was introduced yesterday. The government moved closure on it today. How are we as parliamentarians and how are Canadians able to join in a debate about the finances of this country, about the management of this country, about the way the government tries to run this country when closure is invoked after one day? On the budget the Liberals threw out one of their own because he stood up and voted against the government. Now they are not prepared to even entertain debate by anyone in this House. Otherwise we might find embarrassing problems that are buried in this legislation. That is despicable.

Mr. Ovid L. Jackson (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, the hon. member for St. Albert is the Treasury Board critic and I thank him for his presentation.

Since I have entered this House I have been disappointed with members on all sides when they say things just for the sake of saying them without any substance. I have had many discussions with the member for St. Albert. He is a fiscal manager. I wonder how he would do some of the things that are being done at Treasury Board.

I will refer to a couple of things that the member spoke about. He spoke about appropriations. We have this form as members of Parliament. The Treasury Board brought that in awhile ago because members had a way of rushing out and spending a whole lot of money at the end of the year.

Whenever projects are started they do not begin and end at a fiscal time. We are trying to be innovative. We are trying to get government right. There is no way we are not going to have value for dollar. That is the reason that there are appropriations.

The member talked about NavCan. He said these people still have their jobs after we said we would get rid of jobs. I ask him what he would rather do. This department is so important that it is an essential service. It has to do with people coming into the country in aircraft. Even when they are problems with labour, they

cannot strike because it becomes very dangerous. During strikes they have to be there in case there are emergencies. There are a lot of emergencies in the air with aircraft flying over a country with military operations and so on. So NavCan is extremely important.

It was a great negotiated policy of the government. It has been moved out of the government to an agency that is going to do a better job. The hon. member said that small business could do a good job.

● (1525)

He said that we brought in measures in the legislation on which we will not negotiate. I want to say to the member that we absolutely want to negotiate. However, we certainly do not want a final arbitrator which will take the monetary commitment away from this legislative body.

We are being fiscally responsible. If he were in our place he certainly would not want to bring someone in from left field to make a wage settlement which the Government of Canada would have no alternative but to accept.

Mr. Williams: Mr. Speaker, I thought we were going to hear real explanations for the problems I raised in this bill.

He started off by asking what I would do as the treasury board critic. The first thing I would not do is introduce closure on the bill the day after it was introduced. These issues need to be debated. That is what we are here for. That is what the government is stopping.

He tells us about this great and wonderful negotiated thing called NavCan. Yesterday afternoon in the Standing Committee on Public Accounts, the Auditor General of Canada, an officer of this House, expressed grave and serious reservations about the accountability of NavCan. It has been hived off into some kind of not for profit institution. It is not a crown corporation. It is some new hybrid and we do not know exactly what it is. The Auditor General of Canada, our watchdog on the finances of the country, has been shut out. He does not have the authority to look at NavCan. Neither has anybody else been given the authority to look at NavCan from an accountability point of view. If the auditor general, who is an officer of the House, is concerned, the House should be concerned.

That is the type of thing which the government is pushing through without any debate. That is why I am concerned.

NavCan is a disgrace of management. I am not talking about the employees. Unfortunately they are pawns. They were not even given a say. The government stood up one day and made an announcement that it was going to hive NavCan off and make it a not for profit agency. It is a billion dollar not for profit agency. The government turned around and told NavCan: "Go out to the open market, borrow \$3 billion and give the government \$1.5 billion to buy these assets". Then the Minister of Finance can say: "Look

how the deficit is coming down. I have another \$1.5 billion in cash from NavCan”.

Accountability is the word. There is no accountability in what the government is doing. It is time it realized that Canadians will not put up with it.

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I would like to inform you that I will be sharing my time with the hon. member for Carleton—Charlotte.

[*Translation*]

Mr. Speaker, the 1996 budget follows through on the government's commitment to reduce the deficit in a sustained fashion. However, we should not forget that balancing the budget must never be the sole objective.

Improving public finances should always be a means to reach the greater goal of lowering interest rates, creating jobs and ensuring Canada's prosperity and future. It must also allow us to continue to work on other priorities and issues which are dear to Canadians.

It goes without saying that one of the top priorities is to maintain Canada's social program network. These programs have made Canada one of the most envied countries in the world. To reach that goal, as the Prime Minister promised, we must propose a long term funding framework for health services and social programs that will grow, while also being stable, predictable and sustainable. To that end, the 1996 budget provides for the setting up, over a period of five years, of a funding framework for the Canada health and social transfer.

This transfer, which was introduced in the 1995 budget, is the most important federal initiative to provide financial assistance to the provinces regarding health care, post-secondary education and social assistance.

• (1530)

Under the Canada health and social transfer, provinces enjoy increased flexibility in designing and managing their own programs, while medicare and other social measures are being preserved.

Since these transfers to the provinces represent a sizeable proportion of total federal spending, we cannot improve public finances without reducing them, as we did in the case of all other expenditure items. This is why funding will be reduced in 1996-97 and in 1997-98.

Following consultations with the provinces, the 1996 budget now expands the scope of the Canada health and social transfer, which will not undergo additional cuts. We have established a five year funding mechanism under which transfers will increase and the cash portion will be stabilized, to eventually increase over the years.

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It is important to note that federal equalization payments to the poorest provinces, which also help fund social programs, will keep on increasing. The new mechanism is based on four fundamental principles: maintaining health care and social programs; re-establishing the increase in transfer payments and stabilizing the cash portion; guaranteeing stable and foreseeable funding to the provinces; providing the provinces with more comparable funding.

Our action plan takes these principles into account. Allow me to review its main proposed elements. The funding level for the CHST announced last year for 1996-97 and 1997-98 will remain stable, which means that appropriations will amount to \$25.1 billion in 1997-98 and will be made up of tax points and cash in roughly equal proportion.

The 1996 budget provides for five year legislated funding of the CHST over fiscals 1998-99 to 2002-03.

During the first two years of the implementation of the new mechanism, appropriations will remain at \$25.1 billion. Since the provinces' tax points will increase, the cash portion paid by the federal government will decrease somewhat. However, total funding, cash and tax points combined, will remain stable. It is obvious that as a result of the CHST, global entitlements will never diminish. Funding will not be cut.

In fact, during the three last years of this framework, total transfer entitlements will grow each and every year at an increasing rate, according to a formula tied to economic growth. This means that, by the end of the five-year period, overall CHST entitlements should exceed those of 1997-98 by \$2.3 billion. For the first time since the reduction plan was initiated in the mid-1980s, a federal government will be taking steps to make these transfers grow faster.

Moreover, under this framework, the cash portion of the CHST is guaranteed never to fall below \$11 billion. In fact, by the end of the five-year period, it should begin to grow. For greater safety, the cash floor within the transfer will be guaranteed by legislation to make absolutely sure that cash transfers will never be under \$11 billion during this time frame.

The budget also provides for a new allocation scheme reducing disparities caused for a large part by the ceiling imposed by the Conservatives to transfers to three provinces under the Canada assistance plan.

Finally, the new allocation scheme will be implemented gradually over five years. In theory, each province's entitlement will be adjusted periodically based on its share of the CHST and its relative demographic weight within the country. By the year 2002-03, any disparity in per capita financing will have been reduced by half.

Of course, this is a compromise solution and no single allocation scheme will satisfy all the provinces. We believe however that this is a reasonable compromise and that the five-year phasing in of the

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new allocation scheme will give provinces a chance to adjust and to plan with greater certainty.

To conclude, budget proposals regarding the CHST clearly show that the federal government is doing its share to ensure the future of the Canadian health system and social security net and to build a renewed social and economic union. The provinces will continue to decide how they want to allocate federal transfers between these priorities.

Finally, the government is taking steps to ensure that social programs remain within the financial capability of the nation and meet the needs of Canadians in the future.

• (1535)

[English]

Mr. Harold Culbert (Carleton—Charlotte, Lib.): Mr. Speaker, the 1996 budget has and continues to meet the government's commitment to sustain deficit reduction on the way to a future balanced budget, but a balanced budget alone must never be the only goal of our wonderful country, Canada.

Our government is fundamentally responsible for setting a stage, one which provides a model for the Canadian people. Our government is here to establish a neutral framework within which all Canadians can work and prosper. This framework is represented by the 1996 budget in its current implementation. There is no question it is difficult to establish a framework which is fair, equal, democratic and neutral and which at the same time ensures that all Canadians will see the framework in the same light.

Our government has successfully created a plan which will encompass job creation and progressive changes to old age security, to Canada student loans and the Canada health and social transfer. Today I will focus on the CHST and the progressive changes it marks for Canadians, demonstrating the fundamental responsibility of this government to establish a fair and equitable framework for all Canadians to grow, to prosper and to work together.

Fiscal progress should always be a means to greater public ends, to lower interest rates, to more jobs and to a more prosperous and secure future for Canada. Canadians must be allowed to move forward on issues that are important to them instead of being held back by fundamental requirements needed to maintain the basic standard of living. Canadians want to be successful both on the domestic home front and the international stage.

In order to establish this level of financial success while maintaining public prosperity, it is necessary to follow the established plans for economic recovery. Those plans are included in the 1994, 1995 and 1996 budgets. They are tailored to result in the

domestic comfort and confidence levels necessary to build a foundation for continued export and international growth.

Clearly, one of the highest priorities for the Canadian government, needed to fulfil domestic prosperity, is to preserve Canada's network of social programs. These programs have helped to establish Canada as one of the most envied nations in the world. To ensure their continued success, the Prime Minister has promised to provide for health and social programs long term funding arrangements that are growing, stable, predictable and sustainable. The 1996 budget advances this promise in a new five year arrangement for the CHST.

This arrangement dictates that there will be no cuts in entitlements to the provinces. In fact, the entitlements will increase in a few years. The CHST will be stabilized at the 1998-99 levels for another two years and then will begin to grow. There will be no cuts in the CHST beyond those announced in last year's budget. By providing predictable funding, the government is demonstrating its commitment to safeguarding health care and other social programs.

• (1540)

When the CHST begins to grow in 2000-01, federal transfers will then increase for the first time since the mid-1980s. Over the years 1998-99 to 2002-03 the federal government will transfer nearly \$130 billion to the provinces.

We established the CHST in last year's budget to fund health, post-secondary education and social assistance. It is true that we cut the transfer payments in that budget. Overall transfers to the provinces were cut by an average of 4.4 per cent in 1996-97. That was much lower however than the average of 7.3 per cent in cuts we made to our own federal programs. We had no choice but to cut transfers after inheriting a huge deficit and debt from the previous administration.

Cash transfers alone represented well over 20 per cent of all federal program spending. They had to be included in our deficit reduction plan. At the same time, we have given the provinces the increased flexibility they were asking for in order to design programs that meet their own needs. It is important to note that the federal equalization payments to less affluent provinces which also support social programs will continue to grow.

It is also important to note the four key objectives of the CHST arrangement: to safeguard medicare and social programs; to return to growth in transfers and stabilize the cash component of the transfers; to restore stability and predictability for provincial governments; and to provide the provinces with a more comparable funding support program.

Transfers to the provinces make up nearly one-quarter of federal program spending. In no way could the CHST be exempt from expenditure restraint. Over all, reductions will amount to less than

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3 per cent of provincial revenues. The provinces will be able to absorb the impact as most have or are near balanced budgets.

New Brunswick for example is a province strong and successful in its financial position, with the riding of Carleton—Charlotte contributing significantly to the overall success prevalent in New Brunswick. My riding of Carleton—Charlotte is vast in geography, rural in nature but extremely industrially progressive.

Carleton—Charlotte is a riding which stood tall during the tough economic times that were witnessed in recent years. It has managed not only to maintain its industry but has also managed to expand in many areas. There are also many successful industries in Carleton—Charlotte and I would not attempt to start naming them. However, I do believe this riding certainly deserves to be commended on a job well done.

Carleton—Charlotte is a community, a riding that could easily provide a framework model for the success that can be achieved by people when they work together to maintain domestic stability and then expand outward. This domestic stability, providing a foundation for international recognition and expansion is what all Canadians can work toward together as one large community.

The model or framework the 1996 budget presents is simply a larger model of what has been accomplished in Carleton—Charlotte and exemplifies the role of what a government should aim to accomplish.

This government has not placed exploitation or suppression in the hierarchy. Instead it has supplied Canadians with a neutral model to expand and prosper.

• (1545)

I commend this government for maintaining its focus on domestic prosperity and for providing a greater means to public ends through the new and revised plan for the Canada health and social transfer and through the confidence that has been building in Carleton—Charlotte and across Canada. This confidence has resulted from this budget and the past two budgets of this government in addition to the measures taken to get our financial House in order for the first time in many, many years.

This is why I am pleased and proud today to support Bill C-31, the budget implementation act, 1996.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, the rhetoric goes on and on about all the confidence Canadians have. I have been doing a lot of travelling around Canada in the last few months. I wish I could assure everyone that the confidence is there but it is not.

One of the reasons it is not there is that there is one thing which never seems to be mentioned on that side of the House: the huge

debt and the interest costs in servicing that debt. It is pretty obvious to everyone that is the biggest threat to our social programs and the future of our country. It rests totally in what we are going to do about that huge debt as it grows and grows and grows.

I have listened to the finance minister and he does not talk about it. I have listened to the Prime Minister and he does not talk about it. All the speeches I have heard from that side of the House never talk about what Canadians perceive to be a very major problem: the huge growing debt and the interest payments to service that debt which have now become the largest expense the government has.

Why does the hon. member not address the debt and the interest on it? What are we going to do about that? Why have none of his colleagues addressed this? Have they been ordered not to talk about it? Why do they not bring it into their speeches? Is that why there is closure after only one day? Is it so no one else will have the opportunity to mention this country's major problem?

I would like somebody on that side of the House to explain to me when a deficit figure goes down at one rate and an interest figure goes up at another rate, just exactly who are they trying to fool when they talk about all the savings they are bringing in and that they are going to meet their targets and all the problems are going to be solved? I think they are leading Canadians astray and I wish somebody would address the debt and the interest that is growing daily and what they are going to do about it. The only thing I can suggest is a zero budget and I have not heard anything about that.

Mr. Culbert: Mr. Speaker, first of all I thank my hon. colleague from Wild Rose for his comments and his questions. We will certainly try to do our best to answer them.

When this government assumed power it inherited a \$500 billion plus debt, a \$42 billion deficit and a \$6 billion deficit in the unemployment insurance fund. It was extremely difficult but this government took its responsibility and it set goals. It set goals that created a challenge, goals that were achievable even though they were challenging. We are meeting those goals. For the first time in many, many years in this country goals are being met.

The hon. member mentioned confidence. Yes, confidence. That confidence encouraged the new company CANUSA two weeks ago to make an official announcement in Centreville, New Brunswick in my riding that it was developing and constructing a new plant. It will create 25 new jobs directly, indirectly a number during construction, and more indirectly in transportation and other areas.

• (1550)

It is the same confidence that encouraged McCain Foods two weeks ago to announce doubling the size of its data processing department in Florenceville, New Brunswick in my riding. Between 30 and 50 new jobs will be there for the people of my area.

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Sabian cymbals in Meductic, New Brunswick again in my riding moved across the road a couple of weeks ago to its new expanded modern technological plant, with an additional 12 to 15 new jobs created as a result.

Briggs and Little woollen mills of York Mills in my constituency suffered a terrible fire in the fall of 1994 and has recently reconstructed its plant. Without confidence would these business people have made these decisions? I think not. They are confident. They will continue to be confident which will boost our economy and create future jobs.

[*Translation*]

Mr. Roger Pomerleau (Anjou—Rivière-des-Prairies, BQ): Mr. Speaker, I am extremely pleased to rise today to speak to Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996.

It is always interesting to criticize the budget tabled by the government and especially by the Minister of Finance. Even more so in the case of this year's budget, which shows how easy it is to mislead the public on the government's real intentions. My colleagues and myself have said it many times: this year's budget is essentially cosmetic. Under the make-up, however, one can see things for what they really are.

Bill C-31 is the opportunity the government was waiting for so it could sneak through a series of unpopular, highly controversial measures. I will get back to the public's reaction later.

A few weeks ago, the Minister of Finance brought down a budget without any concrete measures, a budget designed to sweeten the pill so that people will be more receptive to the reform of social programs. But it is the measures proposed in Bill C-31 that will have a real budget impact.

Through this bill, the government wants to implement, among other things, the so-called GST reform—to which I will also get back—and to sneak through UI measures that were originally supposed to be part of Bill C-12 now in committee.

Among other things, Bill C-31 allows the government to go ahead with the transfer of public service employees to the private sector as part of the restructuring of the public service and the privatization of certain services and to dispose of railway equipment. In this regard, I noticed a little something in the report that I would like to quote:

Part II would grant the Minister of Transport the power to dispose of government-owned railway cars, or rights with respect to the railway cars, that are used for the purpose of moving grain. It would also provide for an increase in the maximum rates for movements of grain after at least 10,000 of the railway cars or rights with respect to at least 10,000 of the railway cars are disposed of.

What this means is that they will dispose of at least 10,000 railway cars. In the last few months, the government has been

selling off ports, airports, railway lines, bridges and railway cars; everything is up for sale.

Bill C-31 also makes minor amendments to the old age pension as provided for in the budget. These are not key elements of the reform, but simply measures affecting access to the old age pension for recent immigrants.

Bill C-31 implements the reform of Canada social transfer. It also proposes amendments to make transition easier. I am confident that many of my colleagues will elaborate on this in their speeches on Bill C-31.

• (1555)

The bill also includes measures seeking to give more flexibility to the Minister of Industry regarding the issuance of spectrum licences, that is specified radio frequencies within a defined geographic area. These measures do give more flexibility to the minister, but this is nothing new. Since we got here, all the bills introduced in this House seek to do the same. What we see here, as in all the bills, is an increasing tendency to centralize power in Ottawa.

So, the minister will have more flexibility and will be able to use regulations, instead of having to introduce legislation. The minister will be able to issue licences through a bidding process, which is tantamount to an auction.

Bill C-31 also includes an amendment to the Canada Student Loans Act, as well as a provision allowing the government to spend \$960 million to compensate the maritime provinces regarding the GST reform. Let me just read the last clause of Bill C-31, that is clause 64, on page 55:

From and out of the Consolidated Revenue Fund there may be paid and applied a sum not exceeding nine hundred and sixty-one million dollars for payments to provinces as adjustment assistance for the purpose of facilitating their participation in an integrated value added tax system.

I read this clause to show that a few lines in an act can have enormous consequences. This is why I always tell people to read the Canadian Constitution. We are always told that it is of little value to certain people. But the fact is that a few lines in an act can involve the spending of millions of dollars.

I also want to point out something strange. Bill C-31 includes two things that are also found in Bill C-12, which we are currently reviewing in committee. Part III of the bill amends the Unemployment Insurance Act by retroactively reducing maximum weekly benefits from \$445 down to \$413. This bill will retroactively affect the unemployment insurance program, as of January 1, 1996, which means that people will retroactively be entitled to less benefits.

In this same Part III of the bill, the maximum weekly insurable earnings are \$750 a week, or \$39,000 a year, retroactive to January 1. Unemployment insurance premiums will therefore have to be

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paid up to this limit. This provision is found in both C-31 and C-12. This is something worth noting.

Why is the government trying to include the same provision in both bills? In fact, there is no escaping that it is because it wants to have this bill passed as quickly as possible. We saw with two motions that were presented here today in the House that a gag has been put on what is being done on C-12 in committee, and also that time allocation has been brought in with respect to C-31.

Of course, we will do a thorough study of the unemployment insurance amendments in committee and in the House. For the time being, I would like to recall the basic positions of the Bloc Québécois with regard to unemployment insurance.

First of all, this bill must be withdrawn, and that is what we are trying to do in committee. It seems that the minister is completely exasperated with the Bloc's position. I would like to remind the House that, when the bill introducing the GST was tabled, when the Conservatives were in power, the present minister tabled 68 amendments. That was on April 3, 1990, not so long ago. Sixty-eight amendments, and each of these amendments was to abolish a clause in the bill proposing the creation of the GST.

For example, Motion No. 1 of the present minister of Human Resources Development on April 3, 1990 read: "That Bill C-62—the one introducing the GST—be amended by deleting clause 1".

His second motion was "that Bill C-62 be modified by deleting clause 2". In all, there were 68 motions to abolish all of the clauses of the GST bill. Yet today we are accused of wanting to study each of the motions of the bill currently in committee properly, and our time to do so is being restricted.

The proposed reform is inequitable, for the conditions for eligibility have been made tougher. There will be two classes of unemployed, regular and frequent users. Third, the reform is regressive, because there is only one contribution rate and the insurable earnings limit is dropped to \$39,000. Fourth, the reform does not promote job creation, for the new contribution structure encourages capital intensive industries over labour intensive ones.

• (1600)

It is understandable that, generally, small and medium size businesses have described the introduction of these measures as a direct attack on them, for unemployment insurance contributions will now be payable from the first dollar earned. Before, the deductions did not kick in right away, and also the ceiling was much higher, at \$42,000, which brought in those with much higher earnings. Now the ceilings are being dropped again, and contributions will be required from the first dollar earned, which means that small and medium businesses size will be the direct target,

while big businesses, with their high capital, will be getting all the perks.

Although these are called pro-employment measures—the act refers to employment rather than unemployment—we know very well that, at the very time that companies are making the most profits they are also making the most cuts. Numerous examples of layoffs have been reported lately, and I shall list but a few. There are some thirty in all, but I shall give five or six.

General Motors of Canada declared record profits of \$1.39 billion, yet recently it got rid of 2,500 workers. The five biggest banks in Canada had a combined profit of \$4.9 billion, but cut 2,800 staff positions. In 1995, Bell Canada made \$502 million in profits, but reduced its staff by 3,200 in that same year. I could continue, for there are about fifteen cases in all. It has long been proven that, when major employers are given advantages to create jobs, they create no jobs at all. This reform benefits primarily the large corporations and not the small and medium businesses, which create the jobs in both Quebec and the rest of Canada.

We oppose this bill, as well, because the \$5 billion surplus in the unemployment insurance fund, a surplus that belongs, not to the Government of Canada, but to the workers and employers who contributed to it, will be used to artificially reduce the debt, which amounts to a general garnishment of wages.

This document also contains everything on the reform of the GST. I think there will be a lot of discussion about this in the days to come. Yesterday morning, the Minister of Finance presented his reform of the GST. After promising to abolish the goods and services tax, the Liberal government negotiated an agreement with three maritime provinces: Newfoundland, Nova Scotia and New Brunswick. Under this agreement, it will combine the provincial sales taxes and the GST into a single national tax. This national tax will be at the rate of 15 per cent.

Everyone knows that taxation is higher in the maritime provinces than it is elsewhere. Added together, the provincial tax and the GST amounted to more than 15 per cent in these provinces. It is therefore not surprising that they reached an agreement with the federal government. It is to their advantage to do so. They will come out ahead on the deal in the short term, as the federal government is prepared to make up the shortfall of these provinces from the taxes paid by Quebecers and Canadians by agreeing to pay out nearly \$1 billion in compensation.

Contrary to anything the government might say and to what the member for Pontiac—Gatineau—Labelle said yesterday, the Government of Quebec never approved the new national tax before us today. What the government said, and I want to make this point, is that it is responsible for its provincial tax and that Quebec may

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therefore be more competitive than the other provinces. That is what was said.

Does the federal government really think that the people of a province like Alberta, where there is no provincial tax, will accept such an agreement with it and does it think that the people of Alberta, Quebec and all the other provinces that have not concluded an agreement with it will want to pay for the provinces that have?

This manoeuvre on the part of the federal government not only makes Quebec and Canadian taxpayers unduly pay for something they never asked for, but is a deliberate offensive that will eventually permit Ottawa to take over the collection of all taxes across Canada. During the last election campaign, Liberals, including the Deputy Prime Minister of Canada and the Prime Minister himself, hung their case on the elimination of the GST, and got elected on the promise they would get rid of the GST; and now we have the government proposing a reform which is without any doubt the most blatant breach of an electoral promise in the whole parliamentary history of Canada.

Reactions in today's papers, especially in the English press, bear witness to this fact; nearly all of them point out that the government, in this matter, is reneging on its election promises. No matter what is written in the Liberal red book, what is at stake is the government members' word; the government did promise it would scrap the GST.

• (1605)

Under the law, there is exchange of consent when an individual signifies expressly or tacitly his or her acceptance of the offer made by another party. People signified they wanted the GST scrapped. The Liberals expressly promised to scrap the GST. Perhaps they would like to see videotapes of the statements they made during their first election campaign; if need be, we can show them to them.

Any proposal including all the elements pertaining to the proposed contract and indicating that it becomes binding on its author should it be accepted is a contract offer. The Liberals made a contract offer, they offered to scrap the GST should they be elected. People believed their promise and accepted their proposal. The government made a formal contract offer, an offer which was binding but which it did not honour.

The law also says that a contract is arrived at when the offeror—in this case the Liberals who offered, even promised, to scrap the GST—receives acceptance, no matter the form. The Liberals offered to scrap the GST, and people accepted to elect them as the government. A contract was arrived at and all the conditions for its validity were met.

Two things happen whenever one of the parties fails to abide by a contract: first, that party is sued for breach of contract with damages; second, it is no longer trusted by the other party, having misled it and caused it considerable damage. Well, the people will remember in the next election that they cannot trust the Liberals.

We have three examples. Among other things, the Liberals promised to tear up the free trade agreement. That promise was quoted many times by Jeffrey Simpson, I believe. They promised to tear up the free trade agreement but, as we know, it slipped through with the greatest of ease. They promised to kill the GST but, as we know, they are now reinforcing it, even spending close to \$1 billion to convince some provinces to jump on the harmonization bandwagon. They promised to recognize Quebec as a distinct society and we now have a principal homeland of something or other. All those promises have been abandoned.

As we heard on the news this week, my Liberal colleague—I have just learned that he will be my deskmate in this House and I am looking forward to it—the hon. member for York South—Weston, who resigned from his caucus, has acted with great integrity and earned the respect of the people in his riding, who strongly supported his decision.

The fact that a member of the government has resigned because he has lost confidence in his own government speaks volumes. It must be said that the government does not write down what it says or do what it promises in writing. It is important to remember this. I just want to quickly go over the commitments made at the time, which were recently quoted in the *Globe and Mail*. Here is what the Deputy Prime Minister was quoted as saying in the March 11, 1996 edition of the *Globe and Mail*:

[*English*]

“I have already said personally and very directly that if the GST is not abolished, I will resign”.

[*Translation*]

To this day, there have been no resignations.

Here is another promise as reported by the *Globe and Mail*. This time it is the Prime Minister speaking: “We will scrap the GST”. There is no reference to harmonizing or to the red book. The message was very clear.

The Prime Minister also said, on May 2, 1994: “We hate this tax and we will make it disappear”. For once he said exactly the same thing in French and in English.

It is also important to remember what the hon. member for York South—Weston said in his letter to the Prime Minister:

*Government Orders**[English]*

“The Liberals were in breach of their electoral commitment. We all know that we did not promise to simply harmonize the GST. The promise was to scrap it and implement a fairer system”.

[Translation]

This is not what was done and this is why the hon. member for York South—Weston resigned, as did to the hon. member for Broadview—Greenwood.

• (1610)

There are at least two people in this House, on the Liberal side, who have some backbone and who remember the promises they made. How many Liberals went from door-to-door during the election campaign, as we all did, and promised people that they would indeed abolish the GST, not harmonize it?

Those who did that should remember that they made commitments, and they should seriously think about the calibre of people such as the hon. member for York South—Weston and the hon. member for Broadview—Greenwood.

The Minister of Finance now admits he made a mistake: “We made promises which we failed to keep”. As for the Prime Minister, he says: “We fulfilled our promises”. There is an obvious discrepancy between the words of the Prime Minister and those of the finance minister.

I will conclude by quoting from a short text written by Jeffrey Simpson, who relates what is going on in an article entitled:

[English]

“The height of political gall lies behind a veil of crocodile tears”.

[Translation]

This is truly extraordinary. In this article, Mr. Simpson tells us, in reference to the Minister of Finance, that:

[English]

“During the election campaign we were right to criticize the GST”. Among its problems, he recalled, were overlap and duplication. That is what the Liberals were campaigning against in 1993.

[Translation]

And then, Mr. Simpson asks:

[English]

Is that what you heard from your friendly Liberal candidate in the election? Did “scrap the tax” mean “end overlap and duplication”? Did “abolish” mean kaput for “overlap and duplication”? We all obviously misunderstood.

[Translation]

Mr. Bernard Patry (Parliamentary Secretary to Minister of Indian Affairs and Northern Development, Lib.): Mr. Speaker, I have a comment and a question for the hon. member for Anjou—Rivière-des-Prairies.

My comments concerns the GST. As the hon. member indicated, the GST has been harmonized in Quebec; the federal government and the Quebec government had agreed to phase in harmonization over a six-year period. What the member did not tell this House however it that Quebec would not have qualified for adjustment assistance since revenues resulting from harmonization alone have increased in Quebec. Harmonization has generated additional revenue for Quebec, while Ontario, Alberta and British Columbia do not qualify.

We will recall that the premier of Quebec, the hon. Lucien Bouchard, was a member of the cabinet that instituted the GST and that he was the one who advocated harmonizing Quebec’s sales tax without any financial compensation.

It is also important to note that the federal government is still paying Quebec for administering the tax on its behalf. In recent years, payments averaging \$100 million a year were made. Also, Quebec like the other provinces regularly receives adjustment assistance from Ottawa, including stabilization payments, supply management envelopes and regional development funding. In many cases, Quebec receives much more than the other provinces.

My question is as follows. In his remarks, the hon. member for Anjou—Rivière-des-Prairies mentioned Bill C-12, which he described as regressive legislation. He used the word regressive. I would like to know if it is regressive to move from a system based on the number of weeks worked to one based on the number of worked hours in a bill on employment. Let me explain. Who works 15 hours or less in Quebec and Canada? The most disadvantaged members of our society, those who cannot find permanent employment, generally women. Under the old system, people could hold two jobs and work 30 or 40 hours per week during 30 years without ever qualifying for employment benefits.

If the hon. member could give me an answer, I would like to know if legislation that gives 500,000 workers, including 125,000 in Quebec alone, access to employment insurance can be called regressive.

• (1615)

I would also like to know if raising employment benefits by 18 per cent for every family household in Quebec and Canada earning less than \$26,000 and helping the most disadvantaged members of our society can be called restrictive or regressive measures?

Mr. Pomerleau: Mr. Speaker, if the bill as it stands did what my colleague claims, I would be in agreement with him. But the facts

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are otherwise. One could ask oneself whether he has really understood the proposed reform. Whether the thousands of people now protesting in Quebec, especially seasonal workers, and those adding their voices from the Atlantic provinces and Acadia, have all not understood what my colleague seems to have understood.

What is happening now is that those who work will have to contribute right from the first hour, but when it is time to draw benefits, they will have to have worked a certain number of hours to be eligible. I think that it was the Canadian Labour Congress—I will find the article for my hon. colleague—that recently did an exhaustive study of this question. It claimed that two thirds of Canadian workers—it did not look at Quebec, just Canada—two thirds of Canadian workers would not be eligible for unemployment insurance benefits as the bill now stands.

In fact, and that should give everyone an idea right away, there was a \$5 billion surplus in this fund and it is being used to balance the government's books, when that amount does not belong to the government at all. It belongs to the workers and those who have contributed to it. This practically amounts to garnisheeing everybody's wages.

We will see if my colleague is right, to what extent people are happy over the coming months when the implementation of this reform begins to make itself felt. I am certain that he will be surprised to see the outcry of protests and the people appearing in his office to complain.

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, my colleague, the hon. member for Saint-Léonard—Anjou, has referred to credibility. At the present time we have a flagrant example, which casts doubt on the credibility of our institutions. When political parties are going after votes, making promises, and referring to a program, but then do a complete about face as soon as they are elected, it seems to me that this is unacceptable.

This is also why MPs lack credibility in the eyes of the public at this time. The latest polls indicate that MPs have about 15 per cent of public credibility. In my opinion, this is the main reason for the lack of trust in MPs: they do exactly what the Liberals did during the last campaign. They do exactly what the Liberals did during the implementation of the GST, which was proposed and implemented by their Conservative predecessors.

Then they did everything in their power, they set up strategies, they went at it hammer and tongs, scaring the public. For example, the hon. member for Glengarry—Prescott—Russell said on December 15, 1990 that the GST represented fear and suffering. People will say anything to attract votes. Today, we are in the process of accepting what is more or less the original Conservative plan.

What I mean by that is that the public has had it with MPs who say one thing one day and do a completely different thing the next.

So this is my question for my colleague. Does he believe that what the Liberals are doing at this time, and what they did during the last campaign, will add to or take away from MPs' credibility?

• (1620)

Mr. Pomerleau: Mr. Speaker, I am grateful to my colleague for Longueuil for his question. I would, however, remind him that I am the member for Anjou—Rivière-des-Prairies and not for Saint-Léonard—Rivière-des-Prairies.

My colleague noted that, quite recently, polls were giving us 15 per cent credibility. I think, in the past week, we must have dropped to five per cent. That is a partial answer to my colleague's question.

In fact, the government made all sorts of commitments before its election, stentorian commitments shouted from the rooftops—especially the Prime Minister and his promise to tear up the free trade agreement. The free trade agreement is in effect today, and most of the time the government is not very successful at defending the rights of Canadians. More often than not, despite the fact that our rights have merit, we lose to the Americans.

The government and, in particular, the Prime Minister, had promised to eliminate the GST. We are in fact reinforcing it and right off we will be spending \$1 billion for three provinces alone, in order to put a process of harmonization, which will never work, into effect.

We also remember that the government and the Prime Minister himself promised distinct society recognition. It will never happen. We know very well. Even the Minister of Intergovernmental Affairs, present here today, had promised to use every means possible to obtain this recognition. He is the same man who said a few months ago, before this promise was made, that the more Quebecers were made to suffer, the more the sovereignist option would diminish. He said that in Toronto. So here we have a member from Quebec, paid by Quebecers to defend their interests, who comes to Ottawa to make Quebec suffer. This says a mouthful about transparency.

ROUTINE PROCEEDINGS

[English]

COMMITTEES OF THE HOUSE

JUSTICE AND LEGAL AFFAIRS

Mr. Paul Zed (Parliamentary Secretary to Leader of the Government in the House of Commons, Lib.): Mr. Speaker, pursuant to the House leaders' meeting of earlier in the week, I believe you will find unanimous consent for the following.

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I move:

Pursuant to its mandate in relation to the comprehensive review of the Young Offenders Act, phase II, and specifically, to observe how the youth justice system operates in practice, that the Standing Committee on Justice and Legal Affairs, six members, four from the Liberal Party including the chair, one from the Bloc Québécois and one from the Reform Party, be authorized to travel to Toronto, London and Windsor, Ontario, from May 5 to 10, 1996 in order to hold public hearings, visit sites, young offender facilities and programs, and meet with officials and that the necessary staff do accompany the committee.

(Motion agreed to.)

GOVERNMENT ORDERS

[English]

BUDGET IMPLEMENTATION ACT, 1996

The House resumed consideration of the motion that Bill C-31, an act to implement certain provisions of the budget tabled in Parliament on March 6, 1996, be read the second time and referred to a committee, and of the amendment.

Mr. Ovid L. Jackson (Parliamentary Secretary to President of the Treasury Board, Lib.): Mr. Speaker, I will be sharing my time with the member for Cumberland—Colchester.

It is my pleasure to speak to Bill C-31, the budget implementation bill. We recognize the impact worldwide developments have had on every Canadian over the last decade.

Globalization, financial pressures, new technologies and other factors have put real stress on Canadians. Canadians have already stated in many ways that they want a strong, dynamic government which will meet the challenge of these sweeping changes. In other words, it is time government gets it right, providing the necessary services and programs in the most effective and efficient manner possible at the most affordable cost.

The government has committed itself to four key priorities: to redefine the government's roles and responsibilities, to redirect resources to the highest national priorities, to provide Canadians with more modern and accessible quality delivery, and to achieve affordable government.

The government undertook a review of all its major federal programs and services and reassessed what the government does and how it can do it better within the available resources.

• (1625)

The results of this exercise are integral to the major shifts the government has undertaken in conducting its business, not just in

direct service delivery to Canadians but in the internal processes and systems that support the delivery of these services.

The expenditure management system is one major initiative that all departments have implemented in the last year. This means that each department is operating in a businesslike manner and is assessing competing priorities and reallocating resources to where they are most required. Outputs are transparent, measurable and precise.

Departments are also ensuring they have stronger, more flexible administrative structures to deliver the government's programs and services to Canadians in a fiscally responsible manner.

The changes the president of the treasury board has proposed in the budget implementation bill are intended to put in place the foundation that will support the government's priorities. Allow me to go through some of the directions the government is undertaking in the bill to get government right and to respond to the needs of all Canadians.

The government has mapped out three key priorities in serving national needs: alternative service delivery, compensation and collective bargaining, and pension reform.

To provide alternative ways of delivering services to Canadians, we will introduce service entities, special operating agencies and other organizational mechanisms to support the delivery of client focused quality services. Nav Canada, for example, has been created to make it easier to deliver air traffic control services.

Similar steps will be taken for food inspection services, national parks, revenue collection and in other areas as the need arises to meet the best interests of Canadians in the most affordable manner. The government will undertake other such alternatives on a case by case basis.

The legislative amendments introduced in the budget implementation bill will now permit the government to put into place the administrative mechanisms necessary to ensure a smooth transition to alternative service delivery.

For instance, changes are proposed to the Canada Labour Code as well as the Public Service Staff Relations Act to permit the introduction of successor rights. This means unions will continue to represent their employees and collective agreements will continue to be enforced until the term of the agreement expires as affected employees move from public service employment to other employers within the federal jurisdiction.

We are also implementing amendments to ensure transitional organizations have the tools they need to operate efficiently, effectively and affordably. For example, we will amend the Financial Administration Act to allow multi-year appropriations where organizations require the flexibility to plan their operations for service delivery over more than a one year period.

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However, this is an enabling clause only and Parliament retains the right to approve when and if multi-year appropriations are the best business approaches to meet the specific organizational needs.

These are the directions the government is taking to support the evolution in how it does business for the next century.

Alternative service delivery will affect public service employees currently working in these areas. As a fair and equitable employer, the government believes it must treat these employees in a fair and equitable manner. To this end, the government has embarked on a series of negotiations with bargaining agents to ensure the transitional period is as smooth as possible for employees.

Agreement was reached with most public service unions on the transfer agreements that will apply to employees affected by the creation of alternative service delivery organizations.

The amendments will also allow us to put in place fair arrangements for all employees affected by such transfers. They will permit us to implement enhanced arrangements that some unions successfully negotiated on behalf of their members. The government is committed to working with the public service unions and believes that a negotiated agreement is always the preferred option.

• (1630)

The second key priority area concerns compensation and collective bargaining in the public service. All collective bargaining in the public service came to a halt when the government implemented the Public Sector Compensation Act in 1991. I am certain the nation supported this radical but necessary change.

However, six years have passed since this legislation came into effect. For five of these six years, the public service employees have received no increase in their salaries, a most significant contribution by them to Canadians in achieving the government's objective of fiscal restraint.

However, a more fiscally responsible government does not mean an unfair government to its employees. We all recognize that while the government can be a catalyst for change, it is our employees who are the agents of such change. To this end I am pleased to announce that the Public Sector Compensation Act will expire as originally scheduled in February, 1997. We will be able to return to collective bargaining at that time.

The government is amending the Public Sector Compensation Act to reinstate performance pay and annual increments to those employees for whom they were suspended when the government introduced the wage freeze.

In negotiating the terms and conditions of employment for employees with unions over the next three years we will suspend binding arbitration as a dispute resolution mechanism. We cannot risk awards being made by independent arbitrators who are not accountable to Parliament for the government's fiscal responsibility to Canadians.

Binding arbitration will continue for employees of the House of Commons, the Senate, the Library of Parliament and the Canadian Security Intelligence Service. Their respective legislation prohibits strikes and requires the use of binding arbitration. However, in these cases the arbitrators will be required to take into account the wage settlements that have been reached for comparable occupational groups within the public service for which the Treasury Board is the employer.

The bill would also provide authority for a 2.2 per cent wage increase for non-commissioned members of the Canadian Armed Forces. This measure will correct the disparity in wages that existed before the wage freeze between members of the armed forces and public service employees.

The final priority of legislative amendments centres around pension reforms which provide individual and group employees with greater portability and meet the standards of the Pension Benefits Standards Act. In this area the government will revise the Public Service Superannuation Act to allow for employee pensions to be protected and to be portable to other organizations. This will be the case whether the individual or group is transferred to a separate organization. Portability will be enhanced by a two-year vesting and lock-in provisions.

I will tell the House about a number of other government priorities. The government will take measures to re-engineer its many organizations to deliver more quality service while being fiscally responsible to the people of Canada.

We will modify the Financial Administration Act to make changes with respect to group insurance plans in the public service, for example, the health care plan. This will permit the government to fund and manage the group insurance plan for employees. It will also be more consistent with general insurance practices in the private sector.

I will mention a few of the many public service undertakings. The changes we are proposing, particularly in the areas of alternative service delivery, compensation and collective bargaining and pension reform will set the foundation for providing more value and quality in service delivery to Canadians. As the President of the Treasury Board said on April 24 in his introduction to this bill: "These measures will help us secure a financial future, get government right—

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• (1635)

The Acting Speaker (Mr. Kilger): Order. I hesitate at the best of times to interrupt anyone, but when an indication is given to the Chair that members are splitting their time, although 10 minutes may not seem very long, in fairness to other members awaiting an opportunity to speak on the same bill, I feel I must.

[Translation]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I would like to know what the member thinks of the present the federal government just gave the three maritime provinces.

We know it will give close to one billion dollars to these three provinces. It was mentioned that harmonizing the GST will cost more to the maritime provinces involved. Right now, as far as I know, the provincial taxes in the maritimes are between 11 and 12 per cent. They are the highest in Canada. In Quebec, the sales tax used to be 9 per cent, now it is 6.5 per cent.

Could it be, by any chance, that this gift of one billion dollars to three maritime provinces is to compensate for what they are losing due to UI cuts? Is this a way the government found to compensate them for their UI losses? This seems to me a rather obvious coincidence.

The two ministers from New Brunswick were having a great deal of difficulty making people swallow the UI reform. It seems that they are being rewarded or compensated so that the two senior ministers from New Brunswick can be better perceived by the public.

In any case, for us in Quebec, there is something we find unacceptable. It is estimated that Quebec will have to pay \$250 million in compensation. We are going to give close to one billion dollars to the maritime provinces.

Of course, this \$250 million is not directly part of the one billion dollars. However, we know that when the government's revenues are down, and when the time comes to transfer money to meet its responsibility with regard to health care and post-secondary education, among others, we know that the funds it will transfer will be less the money it will give the maritimes.

We are well aware that in Quebec we will experience losses amounting to at least \$250 million because of this. I would like to know what the member thinks of all this, of this nice present to the maritime provinces.

The Acting Speaker (Mr. Kilger): Order. I would like to ask the hon. member for Longueuil whether he intends to make a comment without answering the hon. member, otherwise, in the little time left, I will allow him to answer the comment already made. Agreed?

Mr. Leblanc (Longueuil): Agreed.

[English]

Mr. Jackson: Mr. Speaker, the jury is still out on the UI issue. We are reforming it. I do not believe the measure undertaken by the government with regard to what he called gifts has anything to do with UI.

When the UI fund is underfunded the money has to be found by the government. It is strange that we are trying to restructure it and other members think we should spend the money in some other way.

• (1640)

With regard to the member's other question, the government looked at 20 alternatives to the replacement tax. The accommodation it came up with was the best one. There is some dislocation with regard to these provinces. They have a small population base. We are still a country and we still have equalization payments. Provinces that do better under these circumstances have an obligation to transfer some of their funds to get the other provinces going.

The government is trying to get government right. We believe through the moves we have made that we will have more jobs and be more competitive. We will wean those provinces off that money over a period of time.

Mrs. Dianne Brushett (Cumberland—Colchester, Lib.): Mr. Speaker, I welcome the opportunity to add my voice to those of my hon. colleagues to strongly endorse the budget implementation bill before us today.

In the next few minutes I will focus on one key theme of the budget. The focus will be on youth, on what government is doing to invest in Canada's future through education and youth employment programs. Everyone knows the government is committed to deficit reduction and the positive spinoffs of lower interest rates and economic growth. At the same time, we must have the vision to sustain our social programs and build a future for our youth.

There are some areas in which additional funds must be invested while we cut back in others. One such area concerns the youth of Canada. Young people are Canada's most important resource but sadly youth unemployment is about 50 per cent higher than the national average. Young Canadians are not looking for handouts, but for a chance to lend a hand. They need enhanced educational opportunities and an extra hand up to attain their very crucial first jobs.

There is no question about the importance of education. It is the underpinning of this country's progress and accomplishments. Everything we have as a country and as individuals rests on the skills, abilities and talents that have been developed and polished through education.

In today's changing world, education is a lifelong endeavour. During our time in this House we continue to learn more about the

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Canadians we serve, about their needs, their expectations and their hopes for this country's future.

It is for Canada's young people that education holds a very special place. The greatest asset a person has is his or her own self-resourcefulness. No one can take your education from you. What they learn now they will use for the rest of their lives. During their lives they will see that the Canada of the future, how it lives, how it works and how it interacts with the broader world outside its borders, will change and grow beyond anything we see today. It is education that will take our young people there.

All of this is well recognized by the government and with this budget we are taking durable, meaningful steps forward. One significant step is the new learning package. It delivers real help to Canadian students. The education tax credit is being raised from \$80 to \$100. The limit on the transfer of tuition fees and education amounts to those who support students is being raised from \$4,000 to \$5,000. The annual limit on contributions to the registered education savings plan is being increased from \$1,500 to \$2,000, while the lifetime limit is being increased from \$31,500 to \$42,000.

We are also helping parents who are full time students. Single parents and family parents who both attend school will be allowed to deduct child care expenses against all types of income. Parents who attend high school full time will also be allowed to claim this deduction. These new measures will deliver an extra \$165 million in tax assistance over the next three years to students and their families.

The new money in the learning package tells only part of the story. It supplements the considerable sums we already target to students. I am sure hon. members are familiar with the Canada student loans program. Currently we budget some \$556 million to this program, money that will allow some 360,000 students to negotiate over \$1 billion in loans this year. To help students, this year's budget announced the removal of the 10-year ceiling that was imposed on the repayment schedules of students who borrowed money under the Canada Student Loans Act.

Under the new rules lenders will have more flexibility to match the repayment period to the financial reality of borrowers. Not only will this measure help the students who borrow the money, but it will also benefit the government as we will not have such a high default rate on loans.

• (1645)

These changes follow on major reforms of the Canada student loans program made last August. At that time the government announced that it would provide special grants for disabled and high needs students and expand interest relief for borrowers who encounter difficulty in repaying their loans. Loan ceilings were increased and the efficiency of the program was improved through

new arrangements with the financial institutions. Under this arrangement it is the lenders who take on the risk and the costs of loan defaults.

Formal education is a necessary foundation that all students seek, but there is something equally important that complements it and that is work experience. I am sure hon. members understand fully the challenge involved in making the transition from schools, colleges and universities to the workplace. Given the difficulty that this transition represents in today's fiercely competitive job market, which is evidenced by the youth unemployment numbers that I mentioned earlier, the government had to take action.

Before the 1996 budget the government had already earmarked some \$705 million over the next three years for programs to promote youth employment. These include Youth Service Canada, Youth Internship Canada and the Student Summer Job Action program. Now we are doing more. Funding will be increased with \$315 million of new money reallocated from other areas of the budget. Some of this reallocated funding will be used to facilitate summer employment. Government support will double to \$120 million for this fiscal year. This action recognizes the value of on the job experience to students, not to mention the money it provides to help them with their education.

Most of the remaining money will be used to assist young people who have left school to find jobs. Individuals with lower levels of education will be a special target group, and to fully fund and to fully understand the particular needs and difficulties they face.

When the new funding for the learning package in youth employment is added to the existing employment programs, the total support for the next three years will be more than \$1.2 billion.

When I was a young girl growing up in rural New Brunswick in the 1950s, few young women went to university. Most were encouraged to get married. It was almost like a career. I was always an eager learner and I can remember my mother saying to me: "Diane, do not get too smart or no one will want to marry you". That was a particular and prevailing attitude of the times.

I went to university and I am still enrolled today in the masters program at St. Mary's University at Halifax. I encourage young women and young men to look at education as the greatest asset they will ever attain. You can never have too much of it, it will be the greatest gift that you ever give yourself and it will last a lifetime.

I recognize this and as a working person all my life I am still being educated through a lifelong process. The government recognizes this. Education is a foundation for all successful employment and for successful citizens.

I have a young man in my constituency who encountered drug and alcohol abuse throughout his education at university. He was a failure and dropout. He came to see me in great disgrace in his community. Having been considered a complete failure by family

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and friends he asked for my help to get back to school. My message to him was: "I will help you when you are prepared to help yourself".

Over the past two years he has called on me every few months. I am so pleased to say that these last few months he has taken control of his life, he is back on track and he is now enrolled in an education program in the Halifax area.

If I do nothing else through this next period as a member of Parliament, I will feel very satisfied that I have been able to encourage and help one young person take control of his life and get back on track to get his education. It is education that opens the doors to successful young people who become successful adults not only in the workplace but as mothers in our society, as providers, as givers in the community and as very successful Canadians that will take this country into the 21st century.

Mr. Myron Thompson (Wild Rose, Ref.): Mr. Speaker, I am pleased to speak on this bill. I am discouraged that closure has been moved on it.

• (1650)

There are so many important things that need to be mentioned. I would like to mention a few, based on some of my travels over the last year, talking to ordinary Canadians all across the land. Most Canadians really do not understand a lot of the details of budgeting. Certainly I do not. However, they have been asking questions. I would like to relay some of the messages I have heard.

First, the one thing of which Canadians are certainly aware is the huge debt. They feel it is the one thing that is tearing the guts out of our social programs. It is hurting our agricultural programs and it is hindering the country in a number of areas.

I have been waiting to hear a Liberal member address the debt, but I never have. All I hear is a lot of rhetoric and glorified stories about what a wonderful thing the budget is. However, they never talk about the debt which will continue to be a serious problem.

When the finance minister read his budget he said: "When we came here the deficit was at 6 per cent of GDP. Then it was at 5 per cent. Then it was at 4 per cent. Then it was at 3 per cent. Next year the deficit will be at 2 per cent of GDP". The crowd opposite cheered. Of course, most Canadians were not sure what they were cheering about. If he had said: "When we came here we were \$450 billion in debt. Then we were \$500 billion in debt. Then we were \$550 billion in debt. Then we were \$600 billion in debt. Now we are moving to \$650 billion in debt and before we reach 2 per cent of GDP we will be pushing nearly \$700 billion in debt," that would have made sense.

Instead of talking about the deficit going from \$40 billion to \$35 billion, to \$30 billion, to \$25 billion and then to \$20 billion, he

should have said that our interest payments have gone from \$30 billion to \$35 billion to \$40 billion to \$45 billion and that we are on our way to more than \$50 billion, that would have made sense. People could understand that.

They would question: How can we do that? How can we afford that problem? When our deficit is decreasing at a pace and our interest on the debt is increasing at a pace, and the pace is fairly level, all Canadians are saying: "Why do we not get the deficit to zero in order to stop paying interest?" The debt would stop growing.

That is what Reformers have been saying since we arrived. Let us do that. Let us stop that growth. It is tearing the country apart. It has brought us to the point where the biggest expenditure we have is the one which services the huge debt.

I am going to talk about the things people understand when we are sitting on the tailgate of their truck, in their barnyard, in their small store and in a small community.

We see different reports that come from different sources, such as the Canadian Taxpayers Association and other groups which look at government spending. They will be asking these kinds of questions: Why are we spending so much money? Why do we do that?

We look at the waste reports which my colleague from St. Albert so capably put together.

• (1655)

Many of the people in my riding of Wild Rose wonder why we are giving grants to businesses such as Beyer, Brown and Associates. Who is that to get half a million dollars? What about a real estate company getting \$15,000?

Breakwater Books Limited, Big Bill's Furniture and Appliance, Sears, Canadian Wine, Walch's Family Foods, Navy and Army stores, on and on it goes. It is grant after grant after grant to these businesses.

They have a hard time understanding why businesses in Wild Rose are not receiving any of these grants. "What is the story behind that," they ask. There is no answer. Why does this kind of spending continually go on?

People keep looking a little farther. It is too bad you are not my age, Mr. Speaker. You would really appreciate this one: \$116,000 on a committee on seniors and sexuality. Boy, it makes me feel really good now that I am getting old to know a committee would get that kind of money to study seniors and sexuality.

There is page after page of lists of grants given to do this and that. Pretty soon one starts adding it all up and find it comes to millions of dollars.

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That is what the people in the countryside are talking about. They are asking: What is going on? Where do we have that kind of spending? What is happening? Why is it that you can come to the House of Commons and hear people denounce us because we are politicians?

Recently Alberta radio station CHQR-770 took a poll on what is your favourite occupation and for whom do you have the most admiration. Politicians were right beneath lawyers. We were way down the list.

It was not until I came here that I found out part of the reason. There is a great deal of difference between being a politician and a leader or a statesman. When the minister of human resources stands, as he has done on a number of occasions, speaking about the million children who are living in poverty in our country, it is cause for concern. What are we doing about it?

We hear different reports about the crimes being committed in cities where we have many street kids and many difficulties. We hear about 11, 12 and 13-year old girls who are being arrested for prostitution. There are pimps being arrested and, of course, they are let off the hook with a minor charge. You hear these things. You know the costs involved. We wonder as we sit in this House and talk about them. In the meantime, we spend money like there is no end of it. We waste it on the things I mentioned such as golf courses and grants.

It does not make sense to Canadians. It does not make sense to me. What is even worse is when politicians are sitting here, with the leader sitting on the other side of the House, driving up here in a limousine with a driver, going around with your nose stuck in the air because you have a highfalutin position in this place. You are not willing to cough that up, nor are you willing to join some of us who gave up our MP pensions because that might help with some of those costs and bring things into line.

When we start talking about those issues, they immediately get a bit concerned because the people opposite do not want to talk about that. Not one time has the waste or the lack of support for the things that would help us start fighting crime been mentioned.

They talk about poverty being a reason for crime. Let us do something about it. They talk about the problems in the streets. Look at the penitentiaries. A number of things are happening there. We want people to be released. That is the idea. They are going to come out.

We provide them with programs such as cognitive skills. They come out with a paper saying that they have cognitive skills but that does not get them a job. They walk out of the prison with \$80 in their pockets. The paper says that they have cognitive skills. It does not mean a thing.

Two or three days later, they are back in jail. They are back in trouble. Why are we not doing something about that? Why do we

not redirect some of our money to fight the very things which cause those things to happen? Why do we not train some of these people to become useful workers?

● (1700)

We can incorporate these cognitive skills into any program if we know what we are doing. We can help these people so that when they do get out crime will go down. When crime goes down, boy, talk about saving dollars. We do not want crime happening in this country because it really does a good job of supporting our legal system. It does not do anything for justice but it sure keeps our lucrative legal system going.

Let us train them. Let us create some discipline. But what do we do? Last year we spent a million dollars to make sure everybody in prison had cable TV. Maybe that is too much. Then of course \$180,000 was spent to provide condoms in men's prisons throughout the country. I am having a difficult time with that one.

Then of course there is this bleach project. We have to make sure the prisoners' needles are clean so we are going to spend a lot of money to give them clean needles. Why do we not go into our prisons and put an end to the drugs? Why do we not have the political will and courage to go into these places and put an end to it? Then when those people came out of prison they would be rehabilitated from the very problem that got them in there in the first place. Why not spend money on training them?

Why do we not look at the idea of putting more police back on the streets where we can help kids? We could give them a little more authority to work with the kids rather than having to follow the little book right to the letter. Put more police out there. Oh, but that costs more money.

I have an idea. Let us not register the rifles and shotguns. Let us take that \$85 million, using the justice minister's own figures, and hire another 2,000 police. If we used the auditor general's figure of \$1 billion, then we should not hire 2,000 police, we should hire 20,000. If that is going to help prevent crime it will mean a great amount of savings to society as a whole. It will mean a great deal to the morals and values of our communities.

When I was a school principal if any violence broke out at the school and it looked as if things were getting a little carried away, the last thing I would do would be to give them blackjacks and clubs. That is what the government is doing with bleach projects, condoms and all these other things. It is telling the prisoners that it is okay and we will make it better.

None of this makes sense to normal Canadians. I hope I am normal. Sometimes I wonder myself when I walk out of here. I walk out of here and I hear people like that member from Saskatchewan who just clapped over there. That same member would sit in committee and say that our schools are the same as

they were 40 years ago. Hogwash. Forty years ago chewing gum was the major problem in schools. Today it does not even come close.

I sit in the justice committee and watch them interview people from the field of education. The final decision was that schools are no different from when we attended. What a bunch of baloney. The government is not recognizing the problems that are coming up and how to deal with them. Instead, the government tries to feed the problem by allowing this to go on. Not one government member will give up their limousine to help. Not one of them will give up their pension. They will hang on to that. Why not redirect that money into problem areas and help solve these things? It does not make sense.

When I was in the school system there were ivory towers there as well. I was given a budget every year and was told to spend it. At the end of one year I had \$2,000 left in the physical education budget. I was told I had to spend this money or I would lose it. I said I did not need it in the physical education budget but I needed some math books or something else. I was told no, I had to spend it or lose it. That was the mentality at that level of government and it exists here.

Not too long ago some CIDA workers told me that there was \$200,000 which they could have turned back into the federal government coffers but they were ordered by those in the ivory tower to spend it. That does not surprise me. It is what happens at every level of government. They figure out some trip, take the bureaucrats and away they go.

• (1705)

I challenge members of the House to stop being politicians and think about being statesmen. Start looking at some things they can sacrifice or do to help the causes and let us see where it goes. Change the attitude to one where they are here to serve the people instead of the other way around as it appears because they have to have this or that or go here or there. Those are the kinds of things people in the communities of this land do not understand and I have a hard time understanding them as well.

We can stand here talking about the millions of starving children who are living in poverty and not do anything about it for two and one-half years. Well, there are opportunities to do something. We just have to have the political will and the political courage to do so.

Instead the arrogant Liberals sit over there with their pompous little attitudes and let it be known that they are in power and they are doing what the people wanted them to do. Well, I am not finding that to be the case. I did not find that to be the case when I travelled through Manitoba a week ago or in Saskatchewan the week before that or when I was on the west coast or in southern Ontario. I did not hear the same messages I am hearing from across the way.

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I am not sure how I will be received when I return to Wild Rose next week. I will tell my constituents that I know what kind of people they are. If there was a huge flood and a region needed help, they would be the first to cough up some dollars and give a lending hand. No doubt about it, they would help.

Mr. Harvard: Sounds like Winnipeg to me.

Mr. Thompson: If farmers needed something in an area because of a serious problem, Canadians would be there to help, just like the ones in Wild Rose.

I can hardly wait to tell them: "I know all of you need tax relief. That is what everybody in Canada would like to have, but you are not going to get any this trip. What you are going to do is give tax relief to another region of the country through this new GST harmonization". I am not so sure they are going to accept that as being a good cause.

I am really anxious to find out what my constituents will have to say about members from the other side of the House who say it is a shame that Alberta does not pay a sales tax. We happen to be pretty proud of the fact that we were able to manage things without a sales tax. To hear the comment that it is a shame that we do not pay a sales tax in Alberta is a pretty sad statement.

An hon. member: I never said that.

Mr. Thompson: I hear the member from Saskatchewan across the way saying that he never said that. I never said that he did. I can guarantee him that it came from that side but it does not make any difference.

I know that Alberta is not looking too kindly upon this whole idea of harmonization. I know that for a fact. We will wait and see.

In conclusion I look at these waste reports that come out and then I look at the work the Canadian Taxpayers Association is putting together expressing that it does not understand how these dollars find their way to strange places. It is just not understood at all. And the best we can come up with is another target that even I could make if it was a two-foot high jump.

This target making is a farce. Get after the problem. The budget does not do it. It is a fuzzy, warm, feel good budget. Be happy, I guess.

• (1710)

Mr. Morris Bodnar (Parliamentary Secretary to Minister of Industry, Minister for the Atlantic Canada Opportunities Agency and Minister of Western Economic Diversification, Lib.): Mr. Speaker, the hon. member has been talking about a tax, about a particular manner of handling a tax, and about its effects in Alberta, Saskatchewan and other provinces.

It is always interesting to hear a Reform member refer to taxation but never refer to Reform's so-called budget which it presented, the taxpayers budget. The Reform members' idea of

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dealing with matters in Canada is to deal with matters like the elimination of multiculturalism funding. They would eliminate regional development groups such as western economic diversification, an organization that for many western areas of the country has resulted in a dynamic expansion in industry and secondary processing. They recommend the elimination of regional groups in other parts of the country.

The Reform budget also includes a reduction in senior citizens benefits, reductions in unemployment insurance benefits, reductions in funding to post-secondary education, reductions in health, reductions in the Canada assistance plan, reductions in equalization, total cash transfer reductions to provinces totalling 24 per cent, which is over and above what I have already referred to.

Has the hon. member ever tried to correlate the cuts, the drastic slash and burn in the Reform budget to what he is discussing here today?

Mr. Thompson: Mr. Speaker, slash and burn is not true, except for the hon. member's pension which he will someday be eligible for. We would certainly slash and burn that. We think parole boards are unnecessary. We would probably slash and burn parole boards. We could do with better correctional services. We would slash and burn a few other places where dollars are wasted. The member could count on that.

As far as multiculturalism is concerned, there are a number of things in our budget. We set priorities. The priorities were pretty well listed. It just so happens that multiculturalism is something we believe should be funded by the communities that are affected. I do not believe the communities object to that. We do not object to multiculturalism but we say we are at a time now when some of the nice things to do are not affordable. They will have to be paid for by some means other than tax dollars.

As far as seniors are concerned, we said from the beginning, and our budget says it loudly and clearly, that one of our highest priorities is to make absolutely certain those who are most in need will have their needs addressed. That is loud and clear in our budget. That idea came from many senior citizens in my riding who said they did not know why they were being given something that was just clawed back and they would just as soon not have that happen.

As far as the transfer payments are concerned, what has happened as a result of this government is worse than what would have happened under the taxpayers budget over three years. I challenge any of the members over there to go back to square one and take a good long close look at what those transfer payments are doing.

The member talked about post-secondary education. Perhaps I was mistaken and there were not thousands of young people on our

lawns protesting what was happening by this government in that area. Maybe I was elsewhere at the time.

I do not quite understand where the government is coming from. It is already a known fact that what it has done is worse than what it would have been under our plan.

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, is the hon. member opposite familiar with the name Michael Walker? He has something to do with the Fraser Institute, an institute often referred to by the Reform members.

There was an article in the *Globe and Mail* on March 14, 1996. I remind the hon. member that Michael Walker, one of their great folk heroes over the last two years, had this to say about the budget which he so roundly criticized:

In regarding the government's latest budget, commentators have missed some of the most aggressive fiscal action in the country's history.

The federal government is going in the near term future to be able to boast that it has the lowest borrowing requirements of the G-7 countries. Total government deficits in Canada will total less than in any of the G-7, and by 1998 the total financing requirement relative to the gross domestic product will be less than half the comparable U.S. figure.

Far from being a bore—

• (1715)

or worse, as this member suggests

—this budget was a turning point in Canadian fiscal history. We may well chart a dramatic turn in our fortunes to March 1996.

This is tough talk from Michael Walker, one of the hon. member's heroes.

I wonder if you might like to comment on how Michael Walker,, who has been so tough on us over the years with respect to our budgetary plans, could have this much praise for a budget you think is so terrible.

The Acting Speaker (Mr. Kilger): I remind members not to directly refer to one another but to make their interventions through the Chair.

Mr. Thompson: Mr. Speaker, I am familiar with Michael Walker. I am familiar with the article the member mentioned to me. I was wondering at the time I read the article that although the deficit figures and all these targets were mentioned why the whole idea of this huge debt and the interest payments were not mentioned. That is the same question I have been asking all day.

Why are government members not talking about the debt? Why are they not talking about the interest payments on the debt which is growing far beyond what they ever thought it would?

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They are very fortunate. So far things are working well in terms of being able to meet these targets. However, when we run into that kind of huge debt I really wonder if anybody has anything in place or any plans at all, including Michael Walker—and I would like to ask him one of these days when I see him—if all of a sudden there is a downturn for whatever reason. It could be caused by something south of the border which would cause interest rates to suddenly jump.

With a huge debt like this a downturn could be the very disaster we do not ever want to see. The only way to avoid that kind of disaster is to stop the debt from growing.

The government under its plan is continuing to let the debt grow. I cannot understand why any economist or anyone with more knowledge than I have, and believe you me there are plenty—

An hon. member: What do you want to cut?

Mr. Thompson: Your pension, for one.

The Acting Speaker (Mr. Kilger): I am sorry, but this concludes the period of question and comments. We also move to the next stage of debate, having concluded five hours of debate.

It is my duty, pursuant to Standing Order 38, to inform the House that question to be raised tonight at the time adjournment is as follows: the hon. member for Davenport, the environment.

Mr. Stan Keyes (Parliamentary Secretary to Minister of Transport, Lib.): Mr. Speaker, I always consider it a privilege to rise in this place on behalf of the constituents of Hamilton West. We are supposed to be dealing in this debate with Bill C-31, an act to implement certain provisions of the budget tabled in Parliament March 6, 1996.

My constituents elected me back in 1988. My colleague from Winnipeg St. James and I were colleagues back in 1988 and we sat on that side of the House in opposition. Whenever an opportunity came along we were not shy on words or prepared to take off on the government on the plan it had.

• (1720)

In those days we had pretty good evidence in our hands; precise statistics, precise numbers, precise policies that the Liberal Party, in opposition from 1988 to 1993, could attack the Tories on. We sat over there, we made our arguments and they were solid.

I will drift away from Bill C-31 only because I cannot let the comments of the hon. member for Wild Rose get by. First he says “pompous attitudes”. I do not see any pompous attitudes coming from this side of the House. I see red books being thrown across the floor. I see members over there getting up and calling other members liars, getting kicked out of the House and that kind of thing, which is outrageous.

I remember an election promise from the Reform Party that it would do things differently in the House of Commons, that there would be a certain attitude, a new way of doing politics in the House. There would be a new decorum in the House of Commons.

I did not understand that it meant the decorum would get worse. I assumed it meant the decorum would get a little better in the House of Commons.

Then the hon. member for Wild Rose says: “I am not sure, but blah, blah, blah. I do not know much about that, but blah, blah, blah. That is all fuzzy and feel good to me, blah, blah, blah”. You cannot talk in generalities.

Mr. Thompson: Shut up. I do not like you either.

Mr. Keyes: There we go. There is the decorum again. The hon. member for Wild Rose says “shut up”. That is the kind of thing that should not go on in this place. We have a history to respect here. We have to stand in our places and appreciate that for decades before us men and women were elected to the House, thankfully more women today than there were in the past because of the contribution they make to the House. This kind of attitude cannot go on in the House.

Mr. Thompson: Blah, blah, blah.

Mr. Keyes: Blah, blah, blah—exactly the kind of comment I would expect from Wild Rose. I would appreciate it if he stuck around to hear this because it is important.

My constituents have been calling me as of late. They are talking about how the member for Hamilton West voted for the budget. There was a guy from this party who stood up and did not vote for the budget, no sir. We all know what happened to him.

Here is why the member for Hamilton West, yours truly, voted for the budget. I voted for the budget because of its deficit reduction plan. For example, the budget delivers on the red book commitment to reduce the deficit to 3 per cent of GDP, down from 6 per cent when we took office, something we promised to do, something that has been accomplished.

By 1998-99 program spending will be reduced to 12 per cent of GDP, its lowest level in 50 years. Canada's financial requirements will be the lowest of the G-7 nations.

An hon. member: How much has interest come down?

Mr. Keyes: You see, Mr. Speaker, I guess good news hurts. I continue with more good news on the budget. Our balanced and fair approach has to be recognized, a far cry from what we have been hearing over there of let us get that budget down to zero, and the sooner the better.

I have asked the member for Wild Rose what he would cut. What social programs would have to suffer as a result of their mad desire to reduce deficit and thereby the national debt to zero? Canadians from coast to coast would endure pain never felt before if those

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kind of programs were implemented to reduce the deficit in an unfair and callous way. There is no question about that.

What else does the budget do? What did the member for Hamilton West and the majority of members on this side of the House vote for in the budget? How about no tax increases of any kind? What about a secure, stable, growing system of federal support for medicare? Medicare, I say to the hon. member opposite.

• (1725)

The provinces will receive post-secondary education and social assistance through the Canada health and social transfers. There will be no further cuts in transfers to the provinces. We have announced a firm funding commitment for a five-year period beginning 1998-99.

Do colleagues on this side remember when we were in opposition how the Tory government would make its promises and then make adjustments in the following budget and in the budget after that? There could be no opportunity for future planning for any of these organizations because they did not know what the federal budget would look like from year to year.

We will change that. That is a promise we made. They will have the opportunity to see a commitment for stable and firm funding for a five-year period, which will enable them to make their plans. For the first two years of the CHST it will remain constant at \$25.1 billion. For the next three years it will increase.

What about restoring confidence in the old age security system by creating a seniors benefit designed to help those most in need? That was a government promise. That is another reason the member for Hamilton West voted for the budget. As promised, seniors will continue to receive the benefits they now receive, despite the crude and scaremongering remarks made by members of the third party during question period on this day.

I voted for jobs and growth. We have allocated money for new investment in three priority areas, one of which is youth, I remind the hon. member for Wild Rose. He was up on his feet saying: "We are not doing anything for youth. I am not sure what we are not doing, but we are not doing anything". We are doing things for youth.

Areas critical to future jobs and growth are technology and trade. The hon. member for Wild Rose was complaining about that, but it is there in the budget.

What about the provision of an additional \$165 million over three years to help students and families with increased costs of education?

It is unfortunate the hon. member opposite says government members are doing this in a pompous fashion. Maybe our chests are sticking out a bit because we are proud of what we are doing on this side. We are actually accomplishing things and meeting goals

we promised we would meet when we ran in the 1993 election. With a book in hand we said this is what we promise to do. The majority of those promises will be met. We will be able to go door to door in an election campaign and say this is what we promised to do.

I know the media will be out there. It will not outline our accomplishments, maybe comparing the accomplishments of this government with the last. It will not say this is how much the government has done. The media will see the glass not as half full but as half empty. It will recognize the 10 per cent or less the government did not do. That is a crying shame.

Canadians are winning. It is a Team Canada approach. It will happen. It will happen now. We are proud of that and we are proud of the budget.

[Translation]

Mr. Nic Leblanc (Longueuil, BQ): Mr. Speaker, I will talk briefly if I may about our institutions and democracy as well, which have just become much less credible.

All these government members did when in opposition was condemn the GST. They coined words, lashed out against it, but not only did they not scrap it, they are now harmonizing it and creating inequities between the provinces in the process.

I had prepared a long speech. Unfortunately, I have only two minutes left. Let me just tell you that I find the attitude taken by the government in this debate most regrettable. It will do considerable harm to our institutions' and our democracy's credibility.

Mr. Speaker, seconded by my colleague, the hon. member for Argenteuil—Papineau, I move:

That the amendment be amended by adding after the word "That" the following: "as promised before and after the October 1993 federal election".

The Acting Speaker (Mr. Kilger): The amendment to the amendment is in order. When we resume debate, we will proceed to the next stage and consider the amendment to the amendment, as moved by the hon. member for Longueuil.

[English]

It being 5.30 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS

[English]

NATIONAL DAY OF MOURNING

Mr. Len Taylor (The Battlefords—Meadow Lake, NDP) moved:

That, in the opinion of this House, the flag on Parliament Hill be lowered to half mast on April 28 each year to commemorate the National Day of Mourning for those killed in the workplace, a policy that is permitted under paragraph 13(d) of the general rules for flying and displaying the Canadian flag and other flags in Canada.

He said: Mr. Speaker, I am very pleased to present for debate Motion No. 73 which calls on the House to express its will in support of flying the flag on Parliament Hill at half mast on April 28 each year to commemorate a national day of mourning for those killed in the workplace.

I point out that this important day, April 28, is only three days away. I cannot think of a better opportunity for parliamentarians to see immediate and direct results of our work here in this Chamber. Should we agree today that the flag should be flown at half mast then this weekend it is possible that our will shall be done.

I do not have to tell any member of the House that this is a very serious issue. Deaths in Canada from traumatic injury in the workplace are approximately 1,000 every year. If the number of deaths which occur from industrial diseases are added in, which by the way are not measured by Statistics Canada or Labour Canada, then the number of deaths jump to between 6,000 and 10,000 a year.

On the job injuries recorded by provincial workers compensation boards run between 80,000 to 100,000 a year. Of course the numbers do fluctuate from year to year. They are probably dropping right now, not because the workplace is any safer but rather because of the general drop in employment.

For all intents and purposes, on average one Canadian worker out of every thirteen is injured at work. Unfortunately, close to 17,000 workers between the ages of 15 and 19 are injured each year. Young people within our economy who we expect so much of in the future are finding themselves injured in the workplace due to circumstances beyond their control.

• (1735)

We have to understand that worker health and safety means money to the economy and our communities. Time lost injuries rose 1.4 per cent from 1993 to 1994. At the same time, Canadian workers were increasing the number of hours they were on the job. Experts tell us that longer hours lead directly to deteriorating safety standards.

This even is noticeable on the farm where many farm safety programs are run every year to alert people to the fact that long hours during seeding and harvest can sometimes lead to injuries in that workplace. Obviously the experience there carries over into the industrial workplace as well.

In 1993, workers compensation boards in Canada paid out \$5.2 billion in benefits. That shows this means money. With the

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addition of indirect costs, such as training replacement workers when a worker has been killed or injured on the job, loss of productivity, damage to equipment and materials and lowered morale, the annual total cost of occupation injuries to the Canadian economy could be closer to \$10.5 billion every year.

Members should recall that April 28 is already the national day of mourning. Royal assent of this act of Parliament took place in February 1991. Members will realize that I am not asking for April 28 to be declared a national day of mourning. It has already been declared a national day of mourning by Parliament. I am simply asking that in recognition of the day that the flag on Parliament Hill be lowered to half mast on April 28.

For the last six years there have been some attempts to have the flag on this building lowered to half mast to ensure that there is a visual representation of this important day. Over the years there has been a small problem in achieving that goal and that is why this motion is before us today.

Just to back up for a moment, we should thank a former NDP member of Parliament, Mr. Rod Murphy of Manitoba, whose private member's bill did lead us to this official declaration of a day of mourning. Mr. Murphy worked very hard to get this legislation passed in 1991. Now that it has been passed, we have the responsibility and obligation to take the inevitable next step.

I also want to mention that April 28 was chosen as the day of remembrance because it was the day that third reading took place for the first comprehensive workers compensation act in Canada. That first workers compensation act was proclaimed in Ontario on April 28, 1914.

The movement toward the official national declaration began in 1984 when on behalf of all Canadian workers, the Canadian Labour Congress executive council formalized the matter and began to work toward the national declaration which was finally achieved in 1991.

The aim of the day of mourning is to remember our commitment to fight for those in the workplace, as well as to mourn for those who have died.

It should be noted that the reason for this motion today is that despite the intention of Parliament to recognize the importance of the day, those who interpret the rules or protocol for flying the flag tell us that it cannot be flown at half mast unless we specifically ask for it.

I researched the issue and studied it closely. I have looked at the official protocol for flying the flag and discovered that according to the general rules for flying and displaying the Canadian flag and other flags in Canada, the flag can be lowered to half mast if we collectively ask for it to be done.

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Let me just read from the protocol rules so that all members of the Chamber and the public watching will know exactly what I mean. Originally published by the Department of the Secretary of State, the document is called "General Rules for Flying and Displaying the Canadian Flag and other Flags in Canada". With regard to half masting, section 13(a) of the protocol reads in part: "subject to (c) and (e) or special instructions listed under (d)"—which I will come to in a moment—"the flag on the Peace Tower of the Parliament Buildings, Ottawa is flown at half mast on the death of—". The protocol goes on to list a number of individuals for whom the flag can be flown at half mast, for example, the death of the sovereign or a member of the royal family, the Governor General, a member of the Senate or a member of the House of Commons, et cetera.

• (1740)

However, section 13(d) of the protocol says: "Flags flown at federal buildings and other locations are also half masted subject to special instructions on the death of—some other person whom it is desired to honour". That is the specific section I refer to in the motion before us.

The key words are the flag can be flown at half mast "on the death of some other person whom it is desired to honour". We in this Chamber would be proclaiming that "some other person" could refer to those who were killed in the workplace.

Therefore, I ask that Parliament recognize this important distinction. If the Parliament of today agrees, we would have a declaration which would result in a visible illustration of our feelings.

There are many examples throughout the country of how worker health and safety has been overlooked or abused. It is very important that as members of Parliament we express the feeling both verbally and visually that lack of worker health and safety protocol can no longer be condoned.

In this regard I have also followed the public inquiry into the the Westray mine disaster in Nova Scotia. With every news report of that inquiry, my resolve to deal with this issue increased. The Westray story shows us in a most unfortunate but dramatic way that everything the deregulators and the right wing in this country tell us about business can result in loss of life.

When an industry is deregulated and the people responsible do not take these matters seriously and do not act quickly on health and safety issues, people in this country can die. In fact, they have died. As those numbers at the beginning of my presentation today indicate, too many workers in Canada lose their lives in the workplace doing the jobs that we want to have done because they increase the productivity of our economy.

I look at other news and view the world around me with this in mind. I cannot help but notice a lot of other things that affect this issue. I see in the quest for deficit reduction and in reaching international trade agreements, a constant move toward less government regulation, less involvement of government inspectors within workplaces and less enforcement.

Many workers, hammered by the constant threat of job loss through plant closures, privatization, restructuring and layoffs, are reluctant to speak out against unsafe working conditions simply because they are afraid of losing their job or losing the jobs of all of the people they work with. We must ensure those people feel comfortable with saying this is an unsafe workplace, we have to do something about it. Government has to be prepared within a more regulated system to step in and say: "This has to be improved. We cannot afford to allow these unsafe conditions to continue".

• (1745)

In this regard, Canadians need to continue to work together to gain better protection in the law. We have to be better informed about what presently exists. I want to quote briefly from Rod Murphy's comments in the House of Commons in October 1990 when he first introduced the motion that made April 28 the national day of mourning. Mr. Murphy argued that economic progress in Canada could not be achieved at the expense of the health and safety of workers and that by recognizing the day of mourning we were reminding ourselves of that fact regularly.

Mr. Murphy said: "I am sure that hon. members will agree with me that we are no longer in the era of the beginning of the industrial revolution. We no longer accept sweatshops. We no longer accept child labour and we can no longer accept unsafe working conditions for our citizens. We must all take the steps we can to promote safer working environments. We believe that the health and welfare of our people matters a great deal to all of us. Let us ensure that on April 28 every year we prove that".

As members can see, it is not a day of celebration. It is a day to look around to see what we can do to ensure that those who have died or who have been injured in the workplace have taught us the appropriate lessons. What can we be doing to reduce the number of people who die or are injured in the workplace? What can we do to ensure that our workplaces are safer? We can answer those questions as we look at the workplace with those questions in mind.

If we know that April 28 is the day of mourning, we can think about it. If we do not know the significance of April 28, if we or our friends in the media notice that the flag on the Peace Tower is flying at half mast, we may ask why. By answering the question as to why the flag is flying at half mast, more people will understand and perhaps will be motivated by the purpose of the day of

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mourning. That is why it is not only important but also useful to fly the flag at half mast this Sunday and on every April 28 thereafter.

In this regard and in concluding my remarks today, I ask members to give their complete attention to this issue and to support it if they can. Perhaps at the end of the allotted hour today we could by unanimous consent pass this motion as presented.

Mr. George Proud (Parliamentary Secretary to Minister of Labour, Lib.): Mr. Speaker, I rise today to take part in the debate on the hon. member's motion calling on the government to lower the flag to half mast on April 28 each year to commemorate the national day of mourning for those killed in the workplace. I say to the hon. member that the Government of Canada very much respects his views on this matter and fully acknowledges that workplace deaths and injuries are a senseless tragedy. I personally congratulate the hon. member for bringing this matter to the attention of the House.

Having said that, the government shows considerable compassion and concern for the health and safety of Canadian workers. There is considerable evidence to that effect. Our federal occupational safety and health regulations and those of our provincial and territorial colleagues are among some of the very best in the world.

Because of those regulations, Canada is highly regarded in the international community. Other nations have drawn on our expertise to develop their own safety and health regimes. We can attribute a good deal of this success to our approach, which is based upon the internal responsibility system. It is a regulatory framework similar to provisions contained in the International Labour Organization convention 155 which deals with OSH regulations.

• (1750)

This system recognizes that an employer has the right to manage his or her enterprise in an effective manner. At the same time the employer has the responsibility to protect the safety and health of his or her workers. The internal responsibility system also recognizes three fundamental rights of workers. They are the right to participate, the right to know, and the right to refuse dangerous work. These longstanding concepts are the foundation upon which the occupational safety and health system is built.

It is not only the employers who have the responsibilities. Under the internal responsibility system Canadian employees have a responsibility. The responsibility is to follow safe work practices, to use personal protective equipment when required, and to report unsafe working conditions to their employers.

At the same time, the foundation upon which the system functions can be seen in the roles of federal, provincial and territorial authorities. It is their responsibility to help ensure

compliance, to monitor and to audit how both parties fulfil their responsibilities and to address matters of non-compliance. In other words our occupational safety and health system has three partners: employers, employees and government. All three have rights as well as legal responsibilities to ensure a safe and healthy work environment.

Here is one fine example of what can be achieved when partners with a vested interest work together. Hon. members are likely familiar with the workplace hazardous materials information system, more commonly known as WHMIS. WHMIS is the result of collaboration between federal, provincial and territorial governments. It is the result of these governments consulting over several years with industry and labour and what a result it is.

I mentioned a moment ago that we are world leaders in occupational health and safety. WHMIS is the most advanced information system of its kind in the world. WHMIS has enabled us to establish a uniform identification system for dangerous ingredients in the workplace. It ensures that hazardous materials are adequately labelled by suppliers who must use standard criteria. That is not all. Through the communications component of WHMIS, workers learn how to handle hazardous materials safely and employers are given the information they need to train their workers in the proper use of hazardous materials.

For employees to participate effectively in developing clean and safe work environments, they must recognize what is going on, understand changes that occur and grasp a plethora of information. WHMIS plays an important role in achieving these objectives. It is an information system Canadians should be very proud of.

Nevertheless, just because we have developed a dependable occupational safety and health system, that does not mean we are resting on our laurels. Not at all. In its own way the government is fully supporting the noble intent of this worthy motion brought forward by the hon. member from The Battlefords—Meadow Lake.

We are currently reviewing the Canada Labour Code including part II which contains the federal occupational safety and health requirements. This comprehensive review began in 1993. A tripartite committee comprised of knowledgeable individuals from labour, management and government is considering more than 200 proposed changes brought forward by representatives from these three groups.

The overall aim of the review is to modernize the code and ensure its continuing efficiency. The context in which the review has been carried out reflects the changing role of government, that is, less intervention and more emphasis on the responsibility of employers and employees to manage safety and health measures in the workplace.

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Again, the theme of productive partnerships runs through the review. Proposed changes will facilitate greater co-operation among partners in the workplace to resolve occupational safety and health issues. I am pleased to inform hon. members that the review is proceeding on schedule.

• (1755)

In summing up, I would like to outline for my hon. colleagues the strategic directions in which the federal government is now embarking with regard to occupational safety and health.

We are striving for greater co-operation among federal, provincial and territorial governments with regard to occupational safety and health.

On compliance, we are strengthening the internal responsibility system by promoting greater employer responsibility for occupational safety and health and ensuring that workers and their representatives are able to become more actively involved in protecting their safety and health.

On information, sound decisions can only be based on a clear understanding of the issues. We are supporting effective ways of providing OSH information, education and training to employers and employees. We are promoting greater awareness of occupational safety and health across the country.

It is important to monitor effectiveness so we are developing performance indicators to assess the outcome of implementing occupational safety and health standards nationwide. We are actively participating in improving the standardized framework to collect, to code and to classify information on workplace injuries and illnesses.

On partnerships, productive collaboration is the key to sound results. To that end we are striving to maximize the effective involvement of everyone concerned with occupational safety and health decision making. That includes the most efficient use of limited resources and valuable expertise.

I empathize completely with the tragedy of workers who have been killed or injured on the job. I commend the hon. member for bringing safety and health concerns to the attention of the House and the general public. I can think of no issue that rates greater concern than the safety and health of Canadian workers.

The federal government is committed to preventing occupational accidents and injuries and to strengthening internal responsibility within workplaces. I assure the hon. member that the federal government will continue to move in that direction.

[*Translation*]

Mr. Réal Ménard (Hochelaga—Maisonnette, BQ): Mr. Speaker, I am somewhat surprised by the speech of our friend, the parliamentary secretary to the minister. I also want to make it clear that the Bloc Québécois supports the hon. member's motion. It is

not enough to wish to review the Canada Labour Code, as the government pledged to do. As a society, we must strive to achieve a balance between legislation and symbols.

The NDP member is asking us to remember that people who were working in a workplace that was not as safe as it should have been lost their lives.

Let me tell you about a personal experience. Before becoming an MP, I was executive assistant to the current Quebec minister of employment and consultation. Barely one week into my new job—and still very much excited about it—I met a mother whom I will never forget. I had never seen her before. She was in her early forties. A single mother, she told me that her 18 year old son—he could have been your son or the parliamentary secretary's son—was dead.

He had died at work. I clearly remember that he worked on Notre-Dame street, for a company that builds frames for paintings. He was driving a lift truck. This was in January. On the way to the shipping department, the lift truck tipped and the worker was killed.

This is not a rare occurrence. I got interested in this issue because, in Quebec, we asked for a coroner's inquest. An inquest was held and we realized that the whole issue of handling and driving lift trucks in the workplace needed to be regulated. If these regulations had been in place earlier, working conditions would have been safer and Mrs. Poulin's son would probably still be with us.

• (1800)

The parliamentary secretary says that the government will proceed with a review of the Labour Code. This is fine and we are looking forward to participating in this exercise. How should a potential revision of the Labour Code prevent us from making a highly symbolic gesture and expressing in very practical terms our solidarity with workers who have been killed on the job?

I think some effort must be made, mathematically, to try to understand this phenomenon, because, once again, it is not exceptional. It is all very well to be in a society with labour laws. It is all very well to be in a society with occupational health and safety committees. It is all very well to have part II of the Labour Code, which governs the whole area of occupational health and safety. The figures remain very disturbing indeed.

I looked for a more in-depth analysis of the type of accident and of the sort of people at risk or who lose their life at the workplace, and I came up with the following figures. Every five working days, in other words every week, in areas of federal jurisdiction, because this is what we are talking about, a worker dies. So, in this particular week, there is a statistical chance a worker who got up this morning and went to work will die, because he is in an unsafe workplace or because of a whole lot of other factors. However, the

fact remains that, in Canada, in 1996, once a week a worker will lose his life at the workplace.

Every two minutes, again in Canada, in federal jurisdiction, a worker is injured. Obviously the extent of the injury varies, but the fact remains that, every two minutes, in Canada, in businesses under federal jurisdiction, a worker is injured. As a result, 57,000 workers are injured or killed in accidents every year.

Is it too much to ask ourselves as members of Parliament to make a gesture, to remind ourselves that we, as parliamentarians, have not made every effort, taken every step so that we can rise today and say that there are no work accidents in Canada, that no one has died because of a disregard for safety in the workplace.

As the hon. member from the NDP pointed out, it is not only a matter of life—although it is, of course, our first concern. Work accidents also have an impact on a country's economic health.

According to the Department of Labour, which is headed by the hon. member for Saint-Léonard, a total of \$100 million—which is a substantial amount of money; it is not an epiphenomenon or marginal reality—is paid in compensation to workers who cannot earn a salary as a result of an accident. We must do something about this.

There is another figure I find interesting: reducing by one day the average amount of time lost per accident in an area of federal jurisdiction—this should be of interest to the President of the Treasury Board and the Minister of Finance—could save \$2.6 million a year in compensation costs.

Of course, one of the merits of the motion tabled by the member from the NDP is that it makes us realize we still have some way to go to make the workplace totally safe.

• (1805)

It also reminds us that people lose their lives while trying to earn a living and that, as a society, we cannot tolerate such a situation. One of the means suggested to us for showing that we will not tolerate it to keep it fresh in our minds.

One of the means of keeping it in our fresh in our minds is, of course, through some visible sign. It has great significance for a country—as you know, in this country there are many nations—it really means something to have a flag at half mast. Flying a flag at half mast means that, instead of an isolated action, we are inviting people collectively to remember.

And what we have to remember is that still in Canada—although in the past too there were people who lost their lives while trying to earn a living, even before the days of industrialization—still in 1996, not a week goes by, according to the Department of Labour—not the NDP member, not the Bloc, not the CSN, not the

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FTQ, but the Department of Labour, under the direction of the hon. member for Saint-Léonard—not a single week goes by without a workplace death.

There are financial repercussions to all this. The estimated amount of payments to injured workers, not unemployed workers, is \$100 million. This reality of work related accidents and fatalities affects the private sector particularly, yes, but it also affects crown corporations and the various federal departments.

I have a few figures to submit to you concerning the reality in the federal workplace. According to the Department of Labour, every 50 working days, one worker in a crown corporation or a federal department dies. Every nine minutes, one worker in a crown corporation or a federal department is injured. This means an annual total of 12,800 workers involved in accidents, sometimes fatal ones. This amounts to \$23 million.

Twenty-three million dollars is exactly the amount of the deficit in the government's current operating account. Twenty-three million dollars are paid out in benefits to replace lost income as the result of accidents. In total, this represents 239,000 working days lost due to accidents.

Have you ever considered that, in Canada, the greatest cause of days lost at work or of lack of productivity at the workplace is not strikes. It is in fact accidents on the job that, once again, in too many cases mean people lose their lives.

We support this motion. This does not prevent us from mentioning for the benefit of our listeners that we are not starting from scratch. Part II of the Labour Code sets out employers' obligations. It provides very clearly that employers must ensure the health and safety of their employees.

It also provides that employees are not to handle dangerous products and are to advise their immediate superiors of any situation that might compromise workers' safety.

We must remember, nevertheless, despite these clear provisions in part II of the Canada Labour Code that—and we must not forget this; I cannot say it often or long enough—every week in Canada a worker dies as the result of an accident on the job. The costs are very high in economic terms, and we as parliamentarians must do everything in our power to put a stop to this situation.

One particular way, as the member is proposing, is to remember. One way to remember is to lower the flag to half mast—a very powerful symbol.

• (1810)

[English]

Mr. Dale Johnston (Wetaskiwin, Ref.): Mr. Speaker, the motion before us today calls for the flag on Parliament Hill to be

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lowered to half mast on April 28 of each year to commemorate a national day of mourning for people killed in the workplace.

I am pleased to speak in support of this initiative. I commend the hon. member for The Battlefords—Meadow Lake for bringing it forth today.

There probably is not anyone in the House who has not known someone who has been killed on the job. While driving through my constituency a few weeks back I came across a procession of people who had gathered at the site of where a friend of theirs, a taxi driver, had been killed. While on a call he was struck by another vehicle. The road conditions were icy at the time. Those people put up a large cross at the site of the accident. They covered the cross with flowers and left it there. As far as I know it is still there.

I suppose they did this for various reasons. One was to commemorate this person who was simply doing his job and who met with a very untimely and costly accident. Another reason would be to remind other motorists who travel along that route that they have to be ever vigilant.

I am sure that is what the member for The Battlefords—Meadow Lake is trying to accomplish today. I commend him for that.

Before being elected to the House in 1993 I was a farmer. As a matter of fact, I still am. Generally I suppose people would assume farming is a very placid way of life, a laid back lifestyle with not much danger involved. However, farming is the most hazardous occupation in Canada.

From information provided to me by the Canadian Federation of Agriculture based on a survey done by the United States and adjusted to the Canadian agricultural population, the average death rate among industries is something like 11 per 100,000, but the farm death rate is five times higher. It is 55 deaths per 100,000. That surpasses mining with around 50 deaths per 100,000. Construction is in the neighbourhood of 37 per 100,000.

Between 1990 and 1994 in my home province of Alberta there were 82 farm fatalities. Farming also has the dubious honour of topping the list with the highest incidence of disabling injuries of all industries in Canada with 58 per 100,000.

In my youth I spent some years trucking. It may not be well known, but truckers will take evasive action to avoid collision with other vehicles to the point that they put life and limb on the line, so to speak, to avoid collision with other vehicles. In so doing, truckers have often avoided a vehicle full of people but they have paid very dearly. They have driven off the road, upset their vehicles or collided with approaching vehicles and paid with their lives.

• (1815)

When we are asked to reflect on the loss of life in the workplace we automatically think back about four years to May 9, 1992 when Canadians from coast to coast watched heroic attempts to rescue 26 trapped coal miners from the Westray mine in Plymouth, Nova Scotia. Twenty-six Canadians lost their lives in one of the worst workplace disasters in recent memory.

The conditions at the Westray mine that led to the explosion are currently the subject of an inquiry. One of the questions being asked is whether or not health and safety laws had been enforced.

I take exception to my colleague from The Battlefords—Meadow Lake who suggests that private enterprise makes conditions unfavourable or unsafe for workers. If we look at the more socialized countries, their workplace death rates are nothing to brag about either. While I agree with the general thrust of the member's bill, I admonish him for dragging that kind of politics into it.

The federal government is on the right track in some areas. It has put these jurisdictions under provincial control. I believe that is a move in the right direction. There is probably unnecessary duplication and overlap by provincial and federal jurisdictions. I would encourage this government to divest itself of areas in which it is not needed and to turn these areas over to the provinces where they may be administered better than they are now.

Workers in federally regulated industries are bound by the provisions of Part III of the labour code. Provinces have their own laws for occupational health and safety which differ from place to place. As I said, the federal government should take the initiative and divest itself of those areas.

The *Canada Gazette* of April 17, 1996 outlines the government's plan to extricate itself from setting the minimum wage rate which is a step in the right direction. More effort is needed to harmonize federal-provincial labour regulations.

For the past year a review of Part I of the labour code has been under way and amendments are expected this fall. I hope a review of Part II and Part III will soon follow. Yesterday we debated the possibility of severance pay for older workers, an issue brought forward by my colleague from the Reform Party. The debate indicated that Part III could use some review. As a result of my colleague's efforts, the subject matter has been referred to a committee. I am sure we will make some headway in that area.

Preliminary statistics for 1994, which is the last year available, show that there were 709 workplace related fatalities in that year. Seventy-four of those occurred in my province of Alberta. Whether workplace fatalities claim one life or twenty-six, they are devastating not only to family and friends of the deceased but to their co-workers and employers as well.

• (1820)

Workers make this country productive. We have to do our utmost to ensure that workplace health and safety standards are not compromised. Lowering the flag is not only a symbolic gesture. I am sure, as I said at the beginning, that what the hon. member intends to accomplish is to provoke thought and to bring about prevention.

Hon. Roger Simmons (Burin—St. George's, Lib.): Mr. Speaker, first let me commend my friend from The Battlefords—Meadow Lake for his initiative in putting down this resolution. It is a very good one. I am pleased to rise, as did my colleague from Hillsborough earlier and others in the House, including my friend from Wetaskiwin, to give support to this motion.

In the riding of Burin—St. George's, which I have the honour to represent, there is a very picturesque community by the name of St. Lawrence. It takes its name from the fact that it sits at the very mouth of the Gulf of St. Lawrence.

That town has a sculpture, which serves as a monument to two or three sets of events. It is a marvellous sculpture done by the Bulgarian sculptor, Luben Boykov, three or four years ago. It stands in the town square.

For those of us who understand biblical references, though never described this way, it is in effect the good Samaritan sculpture. There is a person reaching out for help at the bottom of the slab, which represents a steep incline, and there is somebody offering help.

I do not do justice in describing the sculpture but basically, physically, that is what it is. It commemorates a couple of sets of events: one has to do with wartime. That in itself is a very moving set of events in which many American servicemen were rescued by miners at St. Lawrence and the nearby town of Lawn in 1942.

The sculpture was placed there not only for that reason, but for a second important reason. It has to do with mining. The sculpture known as "Echoes of Valour" casts in time the mining disaster, of which many Newfoundlanders, indeed many Canadians, will be aware.

Let me read an excerpt from a description of the "Echoes of Valour" sculpture as it relates to mining. It makes reference, first of all, to mining beginning in this community around 1870. It has gone on in the 100 years since then.

Here is a description:

Drilling was done with a dry hammer, which meant that dust was forever present, clogging a miner's nostrils, eyes and mouth. The dust and smoke was so thick that one could not see another miner until you walked right up to him. The air

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was so thin in certain parts of the mine that a cigarette could not be lit because fire, which requires oxygen, would immediately go out as attempts were made to light the match. Many miners were getting sick, having great difficulty breathing. Some were hospitalized at St. John's with tuberculosis.

In the 1950s, miners started dying at a very young age. Dr. Cyril Walsh detected a high rate of lung cancer and brought it to the attention of the provincial Department of Health. This spirited a national concern, but it was already too late for hundreds of miners who had been exposed too much, too long to the radon gas, which causes lung cancer.

St. Lawrence today has lost a generation of men from mining, leaving a town void of grandfathers. This sculpture stands as a tribute and a memorial to their hard work and dedication as they sacrificed their own lives to ensure a comfortable lifestyle for their wives and children.

That tragedy, which went on for many years, is, in Newfoundland folklore, the epitome of what can happen when things go wrong on the work site, when the bottom line becomes more important than the lives of the people producing the product.

• (1825)

If I had the time today I could take members through a long litany of how the company knew for years what it was inflicting on those men and turned a blind eye, looked the other way.

Today when people go to that town in St. Lawrence not only will they see the sculpture but they will meet dozens and dozens of widows whose husbands are prematurely in the graveyard because of company policy and a complete disregard for worker safety.

Today that sculpture, as a result of a decision a couple of years ago, is the official symbol for the industrial safety organization across Newfoundland. On this coming Sunday afternoon I am pleased to say I will be in St. Lawrence, standing beside that sculpture with people from all across the province as we once again mark the day of mourning for the people who have lost their lives at the work site.

Nowhere in the country is the impact of lost workers felt more deeply, more emotionally and more profoundly than in that town of St. Lawrence, that picturesque settlement on the south coast of Newfoundland on the Burin Peninsula.

Today that is why I, on behalf of my constituents, can rise with a heart and a half and give support to the resolution from my friend from The Battlefords—Meadow Lake. We have not done enough for these people. We cannot bring them back but we can at least signal the contribution they made. We can at least once again flag the tragedy that is really ours because of the lack of attention to worker safety over the years.

In flying that flag at half mast let it be a reminder of the lives that were lost and a standard and a beacon for us to resolve as a society that we will not let again happen what happened to people like those miners in St. Lawrence.

Adjournment Debate

If we had time we could talk about Westray. I know the inquiry is ongoing and so we should not be prejudicing anything that goes on there, but I do not think one needs to be Einstein to figure out the bottom line there was also more important than worker safety in too many cases.

We must see to it that kind of thing does not repeat itself. If we are worth our salt in the Chamber we will not only go out and exhort people to put flags at half mast on Sunday in memory of those people but we will use that as a reminder that we have to do even more in symbolic terms and in tangible terms.

If we can resolve as a society to do that, these people will not have died completely in vain if they can, through the effort and inspiration they give us, improve the lot of others who go to work sites which are not as safe as they ought to be.

I am delighted to support the resolution.

Mr. Taylor: Mr. Speaker, I am overwhelmed with the amount of support members have given to this motion. It begs me to ask, now that the debate is closing, that you may find it in order to seek unanimous consent that the question be put so that the members who have spoken in support of the motion have the opportunity to express that support in a vote. Then perhaps we will be able to see the flag flying at half mast three days from now in illustration of our will in support of these individuals.

The Acting Speaker (Mr. Kilger): The House has heard the terms of the motion from the hon. member for The Battlefords—Meadow Lake. Is there unanimous consent?

Some hon. members: No.

• (1830)

The Acting Speaker (Mr. Kilger): The time provided for the consideration of Private Members' Business has now expired and the order is dropped from the Order Paper.

ADJOURNMENT PROCEEDINGS

[English]

A motion to adjourn the House under Standing Order 38 deemed to have been moved.

THE ENVIRONMENT

Hon. Charles Caccia (Davenport, Lib.): Mr. Speaker, on page 64 of the red book of the Liberal Party published in 1993 we find the following promise:

Our first task will be to conduct a comprehensive baseline study of federal taxes, grants, and subsidies, in order to identify barriers and disincentives to sound environmental practices.

Last December when we reported to the House, the Standing Committee on the Environment and Sustainable Development did hold hearings in keeping this promise and made numerous recommendations to the government for the 1996 budget.

One positive result was that the budget contains measures for beginning the process of putting renewable and non-renewable energy sources on equal footing. That is a good step in the right direction.

At the time of the committee's hearings experts in the field of sustainable development told us one year would be sufficient for completion of such a study and warned against stretching it over a longer time.

Another reason for the year timeframe is that soon we will have in place a commissioner of the environment and sustainable development in the auditor general's department. In 1998 the job of this person will be to review each department's sustainable development strategy.

If this baseline work is done now departments would be able to incorporate the relevant findings into their sustainable development strategies. In addition, this work would provide a benchmark to judge progress toward sustainable development objectives in individual departments.

The environment committee recommended the finance minister appoint a small group of outside experts, supported by senior federal officials taken from the departments of the environment, finance, natural resources, agriculture and transport, among others. This working group would be chaired by a recognized and credible expert in sustainable development matters charged with the authority to make definitive recommendations on behalf of the working group. This approach to the baseline work would provide substantive proposals plus transparency and legitimacy in the eyes of the public.

I ask the distinguished Parliamentary Secretary to the Minister of Finance if the government will launch the comprehensive baseline study now so as to be completed by September of this year, as recommended by the environment committee, or will it be the turn of the century before we see any results?

Mr. Barry Campbell (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to respond to the hon. member for Davenport who is held in such high regard by many in the House, given his interest and expertise in areas concerning the environment.

As the Minister of Finance indicated to the House on March 26, the government initiated work on a baseline study of taxes, grants and subsidies in 1994. At that time the government established the task force on economic instruments and disincentives to sound environmental practices which made recommendations.

Adjournment Debate

The 1994 budget announced measures to encourage energy conservation and encourage contributions to mine reclamation funds. The 1995 budget announced measures to encourage charitable donations of ecologically sensitive land. The 1996 budget announced tax changes which establish an essentially level playing field between certain renewable and non-renewable energy investments.

The 1996 budget also indicated the government's intention to consult on tax and other measures to improve the treatment of energy efficiency investments and on the feasibility of extending the tax treatment of mine reclamation trust funds to other sectors such as waste disposal sites and reforestation.

In addition, Technology Partnerships Canada, launched in the recent budget, will encourage the development and commercialization of environmental technologies in partnership with the private sector.

As the Minister of Finance indicated to the House on March 26, the government is actively reviewing the proposals of the standing-committee concerning further work on the baseline study and will be reporting shortly on how it intends to continue the important work which has been initiated

The government also appreciates the work of the standing committee, its chairman and all members of the House on this important matter.

On a personal note, I hope this will be before the year 2000.

[*Translation*]

The Acting Speaker (Mr. Kilger): The motion to adjourn the House is now deemed adopted. Accordingly, this House stands adjourned until tomorrow at 10 a.m., pursuant to Standing Order 24.

(The House adjourned at 6.36 p.m.)

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